The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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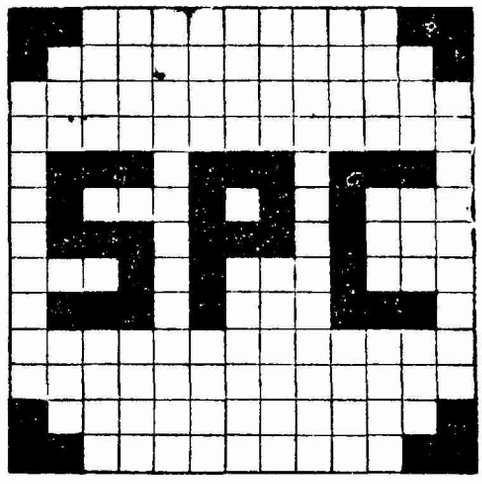

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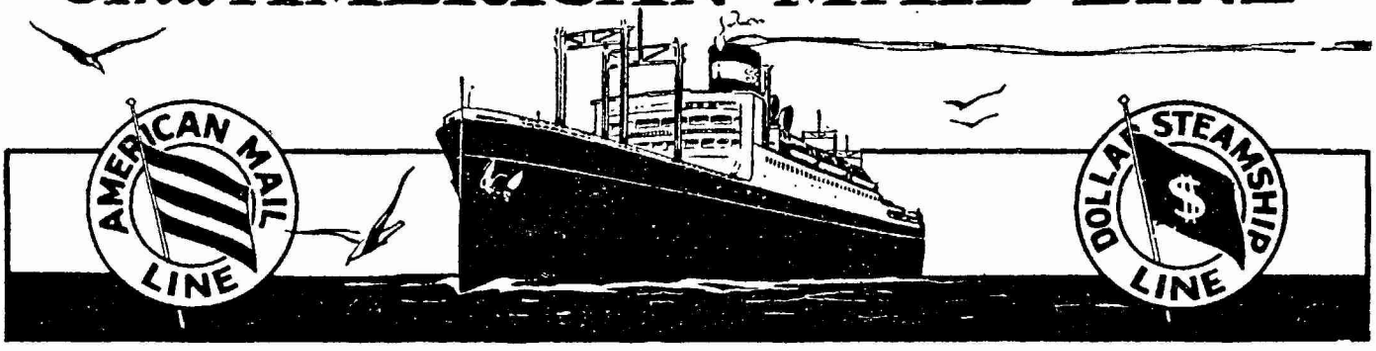

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Formerly Millard's Review

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THE CHINA WEEKLY REVIEW

Formerly Millard's Review

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

CHINESE POST OFFICE REFUSES ALL COMMUNICATION WITH MANCHURIA

MATTERS have moved swiftly during the past few days in regard to the Manchurian postal situation. The National Government has not only adopted a policy of "non-cooperation" so far as mails to and from Manchuria are concerned, but has announced that not only will mails to Manchuria from China not be forwarded, but if any mails arrive in China from Manchuria with the new Manchukuo stamps they will be treated as having arrived without any stamps and will, in accordance with the usual rule, be charged double deficiency. In other words in order for a resident in Manchuria to get his mail delivered to an addressee in China he will have to pay three times the usual rate, that is, one set of stamps in order to get the puppet Manchukuo government to carry the mail to the China frontier, and double rate to the Chinese post office from then on. However, as the Manchukuo government has seized large quantities of regulation Chinese stamps in the offices throughout Manchuria it is quite probable that purchasers of stamps in Manchuria who have letters to send to China will see to it that they are supplied with ordinary Chinese stamps to affix to their letters so that they will not be subjected to a double (or triple) charge.

The Ministry of Communications has officially notified the International Postal Union at Berne of the suspension of all postal communication with Manchuria, adding that mail matter heretofore transmitted *via* Siberia will hereafter be sent either *via* Suez or North America. Mr. Poletti, the Postal Commissioner for the Liaoning (Manchuria) district has resigned his post and under orders from the National Government hurriedly transferred the principal postal archives from the various offices in Manchuria to Tientsin. All the principal Chinese postal officers in Manchuria, very few of whom are natives of Manchuria, are returning to China proper, and it is announced that they will be allocated to posts in various parts of the country.

The Chinese Ministry of Communications issued a statement July 25 regarding financial losses caused to China by the seizure of the postal service by the Manchukuo authorities. The statement says Manchuria remitted annually approximately $21,000,000 to Nanking, the annual surplus being about $3,000,000.

The swiftness of the Chinese action took the Japanese by surprise, but they immediately took steps to overcome the chaos which the withdrawal of the staff has caused. Instead of waiting until the end of July to inaugurate the new service with the new stamps, the Manchukuo government began operating its own service from July 25. The Japanese post offices in the S.M.R. zone will handle mails for foreign countries pending the admission of Manchukuo into the International Postal Union, and the indications are that the Japanese will open a post office in Harbin. The Japanese are also making use of the privileged position of the Kwantung area (Dairen)—concerning which there are special agreements with China—to continue the postal money order service to China, and which if China should refuse to honor, she would find herself in conflict with the Postal Union.

As regards Shanghai, which both receives from and sends to Europe enormous amounts of mail, which up to this time have been going via Siberia, the various nationalities, and particularly the Japanese, are all agog with plans to get their mails through to Europe via Siberia, or by some other route just as rapid. The Japanese steamship company, the Dairen Kisen Kaisha, which forms the link between Shanghai and Dairen in the trans-Siberian mail service has already announced that its steamers will receive mails intended for Europe but an announcement made early in the week by the *N.C.D. News* that the purser on board would sell Japanese stamps at the usual rates, namely ten sen (about fourteen Chinese cents)—this being in contrast with the Chinese rate of 25 cents per unit—for use on the letters proved to be erroneous, and although the Japanese steamers will receive such mail it is particularly stipulated that only Chinese stamps can be used. The scheme to carry mail without Chinese stamps was abandoned among other reasons because of threats by the Chinese Customs authorities to seize all mail matter found on board ships not provided with Chinese steamps. The Japanese community of Shanghai is agitating strongly for the establishing of a Japanese post office in Shanghai, concerning which premature announcements were made by one of the Chinese daily newspapers in Shanghai. The Japanese have a very fine building here which was used as a post office before the Washington agreement came into force. It has since been used as a wireless telegraph station. The Japanese are not likely to open their own office here unless they can nveigle the other nationalities into a joint scheme to violate Chinese independence in this matter — of which there are no present prospects.

The Dutch maintain an air service between their colonies and Europe and the Dutch consular authorities point out that if mails are sent from here in the ordinary manner to the Dutch East Indies and from there by air mail they will make almost as good time as *via* Siberia. It has also been suggested that the British authorities may cooperate with the Dutch authorities in this respect by maintaining an air service to the South from Hongkong. However, this idea will probably not be made use of as the Chinese Government will now contentrate on the Eurasia air service in conjunction with the Soviet Government for an air service *via* Siberia.

More Details of the Postal Row in Manchuria

The following notes were supplied to The Review by a correspondent who returned to Shanghai from Harbin during the week.

The so-called Postal Committee of the New State composed of three Japanese and one Chinese set about their business in the Ki-Hei Postal Administration, Harbin, on July 16. Before they assumed duty, one room had been allotted at their request in the post office. The first demand they made in the course of the interview with the Commissioner, Frank L. Smith (British), was the issuing of a circular order instructing inland offices to sell new stamps from August 1. But the Commissioner refused to do so on the ground that he had no time on Saturday.

Seeing that no compromise could be reached, Yuching Tsang, Director General of Posts, Telegraphs and Telephones of Manchukuo, and Tanaka, former clerk in Shanghai Post Office, jointly invited the Departmental Chiefs of the Ki-Hei Head Office to a splendid banquet at the New World at 6 p.m., July 17. In the course of discussion, Mr. Tsang expressed his pleasure in having eight clerks of the postal staff present at the invitation and meanwhile gave assurance to them that since Manchukuo had taken over control of all the governmental Administrations in her territory, the post office could never be an exception. "I did go with Chang Hsueh-liang when the accident of Sept. 18 happened", Mr. Tsang remarked, "but it was a great despondency to me that when I arrived at Tientsin I was thrown out of employment and, being pressed by the bread problem, I came back to the new state." "I am sure," Mr. Tsang further pointed out, "You have now the same patriotic viewpoint as I had before my coming back to Manchukuo and I am also convinced that when you withdraw to the South you will as well be thrown into despair."

According to general observation, Manchukuo is now financially unable to keep in service those senior staff officers whose monthly salary is $250 or above. Hence when the postal clerks replied to Mr. Tsang that they would not leave Ki-Hei unless the new staff appointed by Manchukuo had been well trained, both Yuching Tsang and Tanaka expressed to them their high gratitude for it. But as to the length of period for training new staff, Tanaka proposed 6 months whereas the postal clerks suggested 2 weeks, hence no definite conclusion was reached on July 17.

On July 18, however, a circular order concerning the sale of Manchukuo postal stamps from August 1 was signed by the Commissioner and issued to all inland offices for observation. On learning this, the existing staff representatives were sent to the Commissioner requesting the latter's expression of definite ideas in respect to the future freedom of staff. But the Commissioner replied that it was not the time for him to give a definite answer.

CASTLE ON THE QUESTION OF TRADE-BOYCOTTS

WILLIAM R. CASTLE, JR., Assistant-Secretary of State, was responsible for some recent remarks on the question of national boycotts that should prove interesting reading for the Japanese, particularly the small group of Japanese propagandists at Shanghai who write the reports for the so-called *Press Union* news service which daily broadcasts highly colored statements and attacks on the Chinese because the Chinese refuse to purchase Japanese goods. Following a discussion of the American opposition to *official* boycotts on the ground that they are almost certain to result in war, Mr. Castle had the following to say regarding *voluntary* boycotts participated in by peoples acting unofficially or privately,

> "In all this, of course, I am talking of an official boycott and have nothing to say as to voluntary boycotts or self-denying ordinances. Before the United States entered the World War thousands of our citizens refused to buy German goods as a protest. No government can safely dictate to the consci-

ence of the individual citizen. But this informal boycott of citizens is a very different matter from an official boycott, even from an officially inspired boycott. It is not a war measure, and I can imagine instances in which it might be wide-spread. It is no cause for war unless declared on order of the government."

The above statement appeared in the course of a lecture by Mr. Castle before the American Conference on Institutions for the Establishment of International Justice, which was held in Washington. Mr. Castle's remarks were inspired by the demands on the part of influential Americans that the United States should participate, through the League, in a general official boycott of Japan for her violation of the League Covenant and the Kellogg Anti-War Pact. He argued that an official boycott of Japan resulting from governmental action would be almost certain to result in open warfare, but was careful to differentiate the officially inspired boycott from a boycott of "enemy" products voluntarily conducted by private citizens.

As stated, it would pay the Japanese to peruse and study Mr. Castle's remarks because they have a special application to what is now going on in China where the Chinese people, almost unanimously, refuse to purchase Japanese goods. The Japanese, of course, use all kinds of subterfuges to sell their products to the Chinese people, the chief method being the stenciling of false trade-marks on the merchandise creating the impression it was produced in the United States or Europe. It is reported that a flourishing business of this nature prevails in Hongkong where Japanese merchandise is repacked in parcels containing false European marks, but this naturally results in heavy expense which destroys the profits, particularly so at the present when goods must be sold on the closest margins. Various stories are told in Shanghai shipping circles of the trouble which the Japanese go to in order to camouflage their merchandise, one such story having to do with a cargo of Japanese fishery products which was rejected by Chinese dealers at Shanghai. As a result the Japanese had to ship their cargo to Vancouver where it was repacked in boxes containing American markings, following which it was shipped back across the Pacific to Shanghai where it eventually was sold, but of course at a great loss because of the long trip to America and back. A further story is told of a cargo of Korean apples which the Japanese had to ship to Singapore and re-label in order to find a market in south China ports. However, the official figures showing decrease of Japanese trade in China tells the real story. It will require many years for Japanese manufacturers and merchants to recover from the blow to their China trade as a result of the Chinese refusal to buy Japanese goods, a refusal based not on official advice, but purely upon the disinclination of the Chinese people to consume Japanese merchandise so long as Japanese armies are in occupation of Chinese territory in Manchuria or elsewhere.

Also, we might refer the Japanese to a *Rengo* dispatch from London which appeared in the *Japan Chronicle* (Kobe), on July 18 stating that as a result of the trouble between England and Ireland, shops and offices throughout Dublin were plastered with posters reading, "Boycott British Goods." It was stated that large banners carrying the same slogans were stretched across the streets while mass-meetings were being held and speeches delivered in similar strain. The Irish animosities in recent days have been further expressed in official tariffs designed to prevent the entry of British goods into the country except on payment of high and often prohibitive tariffs.

Just how long the Japanese will continue grabbing Chinese territory, murdering Chinese people and burning and looting property, cannot be stated, but obviously the Japanese merchants and manufacturers can't expect the Chinese to continue using Japanese goods while their Tokyo and Manchurian war-lords are on the rampage. We also might mention that while the United States Government has refused to participate in an official boycott of Japan, that this has not prevented the American people from conducting a widespread voluntary boycott of Japanese products, particularly silks and porcelains. This boycott has been conducted entirely unofficially through the women's clubs and according to report has partially at least been responsible for the depression existing in the Japanese silk market. It is no secret that Japanese ships calling at ports on the Pacific coast of Canada and the United States receive little or no cargo for Chinese ports, merchants fearing to ship by Japanese steamers due to the possibility of a boycott of the cargo when it reaches its destination at Shanghai, Tsingtao, Tientsin, Canton or other Chinese ports.

A REASON FOR JAPANESE DISLIKE FOR DR. LINDT

RECENT issues of *The Review* (June 25, July 9 and 23) have contained references to Japanese persecution and interference with the work of foreign newspaper correspondents in Manchuria. One of the correspondents who has had the most trouble in this regard was Dr. A. R. Lindt, representative of the *Deutsche Algemeine Zeitung*, who, along with Archibald Steele of the *New York Times*, was placed under technical arrest and subjected to various indignities because he interviewed Gen. Ma Chan-shan, Chinese loyalist commander in North Manchuria without the official permission of the Japanese and their puppets of Manchukuo. Lindt and Steele were charged with carrying decuments from Gen. Ma to the League Commission, both of which charges were proven false by the foreign consuls in Harbin who investigated the cases.

On Monday of this week the Soviet *Tass News Service* carried a dispatch from Berlin which suggested a reason for Japanese animosities against Dr. Lindt. The dispatch stated that the *Deutsche Algemeine Zeitung* had published a report from its Harbin correspondent (Dr. Lindt) describing conditions in some of the North Manchurian villages which had fallen a victim to Japanese arson and plunder. In describing a trip to one of the villages which had been visited by the Japanese in connection with their "anti-bandit" campaign, Dr. Lindt wrote as follows:

"Vagrant, wolf-like dogs loiter in the wide, deserted streets. Smoke rises from the ruins of what was once a factory. The wind howls beneath the damaged roof. Formerly, a variety of products was prepared here from soya bean, the main treasure of the country. Freight cars were loaded at the station and started on their journey to Harbin and Vladivostok. Cities and villages had grown out of the earth with true American rapidity. Around the factories auxiliary enterprises sprang up.

"But during the Sino-Japanese conflict the villages changed hands, often several times, and fell victim to arson and plunder. Whoever had the opportunity fled to Harbin. When the railway service was partly restored the first trains to Harbin were crowded to their utmost capacity with peasants and petty traders, their families and their belongings who were deserting the ruined villages.

"The deserted, looted villages give one an impression of horror. The refugees in most cases had only locked their desks and closets. Tea things were still on the tables. Brushes lay as though just prepared alongside ink containers. Strange musical instruments hung forgotten on the walls. Household members in their best clothes smile down from the pictures left hanging. The sight of these forlorn rooms, remind me of the old story of the conquest of a mediaeval town by the black death. The plague killed most of the inhabitants, and those who were spared fled, leaving the town devoid of a single soul."

This report by Dr. Lindt naturally gives the real reason for Japanese objection to the presence of foreign correspondents in Manchuria, which of course is the underlying motive for making things so disagreeable that most correspondents have left that territory and settled down in such places as Peiping, Tientsin and Shanghai where dispatches may be filed without censorship or interference on the part of the Japanese military. Foreign correspondents who flocked to Manchuria last fall following the Japanese occupation of Mukden and other cities were not permitted to venture into the country and hence were restricted to the sending of official reports issued from Gen. Honjo's office, which telegrams had to be filed with the Imperial Japanese Telegraph System where they were subjected to censorship at the sending office, at Dairen, and often again in Japan before they were permitted to reach the newspapers in various parts of the world. The result was that no first-hand descriptions of what the Japanese actually were doing on their bombing expeditions and "anti-bandit" campaigns, were sent out to newspapers abroad. However, when the Japanese transferred their Manchurian campaign of wholesale assassination, arson and plunder to the Shanghai district it was impossible to conceal their activities in this sector and as a result the newspapers of the world received the facts from a small army of American and European correspondents stationed here.

New Governor of Kuantung to Be Real Head of S. M. R.

For the purpose of unifying Japanese administration in Manchuria, the Japanese Cabinet in Tokyo decided July 26 that a Commander-in-Chief, provisionally appointed special envoy with plenipotentiary powers, will be ex-officio Governor of Kuantung and will control the South Manchurian Railway. As envoy he will be placed under the direction and control of the Minister of Foreign Affairs and will take charge of foreign affairs and the supervising of the Japanese Consuls in Manchuria. It is expected that General Muto, Educational Inspector-General of the Army, will be appointed to this post.

ONLY 9 OUT OF 27 OFFICIALS OF MANCHUKUO ARE CHINESE

NO better proof of the strangle-hold which the Japanese have on the administration of Manchukuo could be cited than the fact that a list of the principal officials of Manchukuo recently published to a total of 27 contained only 8 Chinese, the remainder being Japanese. The list is contained in an announcement gazetted by the Manchukuo State Council on June 20, the text being as follows:

The present shiftings-round affect 700 officials out of altogether 900, although no details about the cases of retirements, etc., are yet ready for publication.

Profiting by the actual routine of government affairs during the past 3 months, part of the government service system has been altered and on the basis thereof a reorganization has been effected, resulting in the shifitings-round of quite many officials.

The following is a list of the new principal officials:—

S. Arai, Director of Secretariat Bureau of Privy Council.

K. Sakatani, Vice-President of the General Affairs Board of State Council.

T. Minagawa, Chief of Secretariat of General Affairs Board of State Council.

K. Sako, Supt. Personnel Office.

J. Kikutako, Vice-Director of Hingan Bureau.

K. Matsuki, Councillor of Legislation Board, State Council.

Pao-kang, Vice-Minister of Administration.

Shou-chang, Director, Public Works Bureau, Administration Ministry.

C. Ohhashi, Foreign Vice-Minister.

Sun-chichang, Vice-Minister of Finance.

M. Genda, Director, Revenue Bureau, Finance Ministry.

K. Fujiyama, Director, General Affairs Bureau, Business Ministry.

K. Matsushima, Director, Agriculture and Industry Bureau, Business Ministry.

*Sun-chang, Director, Industry & Commerce Bureau.

N. Morita, Director, Railway Bureau Communications Ministry.

Y. Fujiwara, Director of Postal Bureau, Communications Ministry.

K. Toyoda, Engineer-in-chief of Postal Bureau.

K. Abira, Director of General Affairs Bureau, Justice Ministry.

S. Kuriyama, Director, Legal Bureau, Justice Ministry.

S. Yuki, Director, General Affairs Bureau, Auditing Council.

Mr. K. Kumamoto, Acting Supt., Stores Office, General Affairs Board, State Council.

N. Nakano, Acting Director, General Affairs Bureau, Administration Ministry.

*Liu-Pingchang, Acting Director, Public Works Bureau, Administration Ministry.

*Chang-mingjun, Acting Director, Sanitation Bureau, Administration Ministry.

T. Kawasaki, Acting Vice-Director, Propaganda Bureau, of Foreign Ministry.

*Chu-chihchang, Acting Director, General Affairs Bureau, Foreign Ministry.

*Chang-chung, Acting Director, Executive and Criminal Bureau of Justice Ministry."

*These eight are Chinese, the others are Japanese.

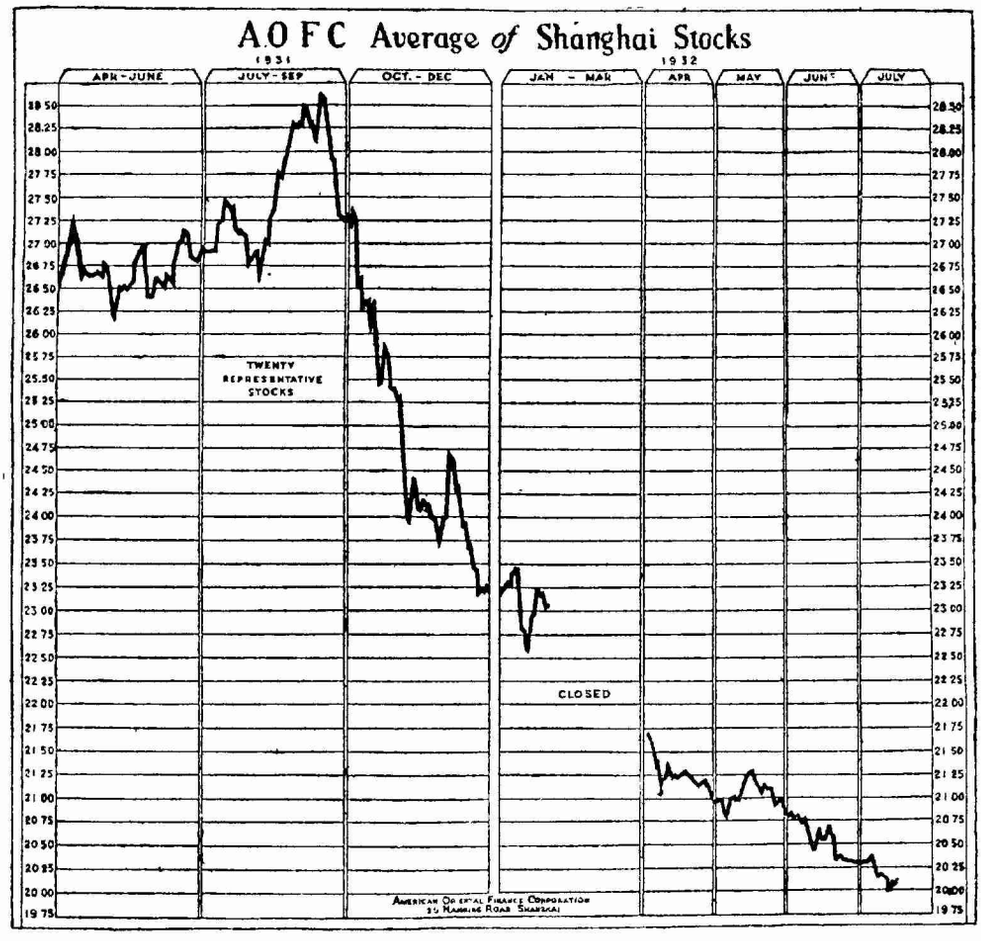
It is of interest in this connection to note that Hsieh Chieh-shih, Foreign Minister of Manchukuo, is a native of Shinchukuo, Formosa, and as such is a Japanese subject.

SHANGHAI STOCKS SHOW STEADY SLIDE SINCE SEPTEMBER

THE American Oriental Finance Corporation is doing a good service to the investing public in China, despite the fact that the object is an ulterior one, in presenting graphs showing the prices of shares dealt in on the Shanghai Stock Exchange. The graph presented herewith covering 20 representative stocks, shows much more clearly than the bare figures would the tremendous decline in values which has overtaken local shares. The graph covers the period from April 1931 to the end of July 1932. It will be noted that there is a break in the line for February and March. This was the period of the Japanese invasion of Shanghai when the Stock Exchange was closed. It is the height of irony that the peak in prices should have been reached just at the moment before England went off the gold standard and the Japanese commenced their invasion of Manchuria in September and that since then, with the exception of a few little spurts, there has been a steady decline. The memory of the public is short and probably few people remember that the Japanese invasion of Manchuria and England's going off the gold standard were simultaneously carried out, except for the matter of a few days.

The China investing public, it is to be remembered is not only interested in shares of companies operating in Shanghai, but there is also a very large investment in China of shares in rubber companies whose plantations are located in the Straits Settlements. Not a single one of the China or Hongkong incorporated rubber companies is at present paying its expenses. The depths to which these bonanza shares of the Stevenson rubber restriction period have fallen is illustrated by information which a local broker gave to an equirer recently. The question put to the broker was, "Well, suppose the price of rubber should go to double its present price, which of the China companies would make any money?" His reply was that even then not one of them would be able to show a profit.

As regards the prices of shares of companies operating in Shanghai there has of late been a slight improvement. Whether this is an indication of a permanent upturn remains to be seen, but the recent Customs reports are not encouraging.



Tragic Death of Mrs. Purdy---Judge Stricken with Cholera

Judge Milton D. Purdy of the U S. Court for China became ill about 8.30 p.m. July 24 and when removed to the General Hospital his attack was diagnosed as cholera. Shortly before midnight arrangements were being made to remove Judge Purdy to the Isolation Hospital, Mrs. Purdy being present at the time. She was so overcome by the news that her husband was suffering from cholera that she collapsed shortly afterwards. She died almost instantly from heart failure. Mrs. Purdy was born at Albert Lea, Minnesota, March 20, 1869. She met Mr. Purdy at the University of Minnesota where both were students. They were married January 28, 1893, Mrs. Purdy's maiden name being Margaret Belle Morin.' Judge and Mrs. Purdy came to Shanghai in the spring of 1924, following his appointment as Judge of the Court here. For two years previously Mr. Purdy was special assistant to the Attorney General of the United States. The late Mrs. Purdy was held in high esteem by the local American community, was prominent in the American Women's Club and had many friends among other nationalities. She is survived by her daughter, Mrs. Wilton Randolph Johnson, at present on a tour of India.

German Movie Operator Shot in Abdomen at Chaoyang

A German movie operator, Captain Strang, was shot in the abdomen by one of Marshal Chang Hsueh-liang's volunteers on July 23, while he was taking pictures at Chaoyang, the city in Jehol bombed by the Japanese last week. He was removed to the Japanese Military Hospital at Chinchow and from there taken to Mukden.

Rockefeller Foundation Contributes to Yenching University

Trustees in New York announced on July 22 the completion of a G.$500,000 endowment for Yenching University, Peiping. Of this amount, the Rockefeller Foundation gave half. The income from the money will be used to strengthen the university's work in natural science and to promote pre-medical training.

China Will Resist Japanese Invasion of Jehol

A United Press telegram from Mukden, July 27 said that the North-eastern Army of Generai Chang Hsueh-liang had started its advance to Jehol. Four cavalry regiments had moved toward Shanhaikwan and Hsifengkow along the Jehol border, while others of General Chang's troops were concentrating on the Manchurian border.

AFTER the first spurt of activity by the Japanese along the spur railway leading into Jehol from Chinchow, there has been comparative quiet in that region. The Japanese started their operations July 18 by an air raid on Chaoyang in which five planes participated. They dropped about thirty bombs, which caused considerable damage. One of the bombs landed on the Chinese brigade headquarters, but failed to explode, while six were dropped on the premises of the trench mortar factory, inflicting more than 40 casualties. Since that date little in the way of military activities has taken place. Two scouting planes appeared over Changte, the provincial capital of Jehol. July 23, but they only dropped pamphlets and posters. Japanese planes have also appeared on scouting expeditions over other points.

The matter of the missing Japanese liaison officer Ishimoto has so far not been cleared up, at least officially. The Japanese claim that he was taken into custody July 17 by General Tang Yu-lin's Volunteer Army and later murdered. The matter is being investigated by Sieh Li-si, special emissary of General Tang Yu-lin. In fact some of the Japanese telegrams hint that the Ishimoto incident has been "settled" which probably means that Ishimoto is safely back among his Japanese colleagues, and that the orginal hue and cry had little foundation.

The outstanding feature of the Jehol situation is that the National Government has reversed the policy which was observed from the time of the Japanese onslaught on Mukden last September. Acting under instructions from Nanking, Marshal Chang Hsueh-liang successively withdrew from one point to another as the Japanese advanced, retiring with most of his army inside the Great Wall last January. The policy of non-resistance, it is to be remembered, came to an end in certain respects with the resistance offered by the Nineteenth Route Army in Shanghai. The policy of resistance at Shanghai was practically forced upon the Nanking government by the Southern army, but the Central Government's attitude toward a Japanese invasion of Jehol or within the Great Wall had still to be pronounced. All doubt on this point was set at rest July 21 when the Central Political Council in session at Nanking decided on a policy of "armed resistance without neglecting the methods of diplomacy." The members of the Council present at the session announced that they would resign *en bloc* should the military authorities fail to put up a fight against the Japanese in Jehol. President Wang Ching-wei has made a stirring appeal to the nation to resist the Japanese invaders, and although protests have been made to the League of Nations by the National Government concerning the latest Japanese outrages, the feeling is more and growing among China's statesmen that China will have to, and should, rely upon itself to defend itself against the Japanese and not depend to any great extent on help from Western nations.

The grave developments in the Jehol situation, although by no means unexpected by the National Government, have aroused serious concern in Chinese official circles. It is suggested at Nanking that the Japanese military are resorting to further aggressive action with the object of so aggravating the situation in the Far East as to render it impossible for the League to cope with the situation successfully. This accounts for the fact that the present moment, when the Lytton Commission has not yet completed its report, is chosen for the launching of the invasion.

Urgent telegrams and telegraphic instructions were sent by the Council to General Tang Yu-lin, chairman of the Jehol Provincial Government, and General Chang Hsueh-liang respectively to resist the Japanese invasion and to send large reinforcements to assist in the defense of Jehol. President Wang Ching-wei had a conference at Nanking July 21 with General Ho Ying-chin, Chu Pei-te and Li Chi-sen. General Chiang Kai-shek, who has been at Hankow to direct the anti-bandit campaign in Central China, flew to Kuling end of last week where he had a conference with Lin Sen, chairman of the National Government. All eyes are naturally turned on General Tang-Yu-lin, chairman of the Jehol provincial government, whose loyalty to the Central Government is constantly being emphasized by telegrams from Nanking. However, it may be taken for granted that the occasional Japanese incursions, the bombing of Chaoyang, and the dropping of pamphlets by the Japanese, are all intimations to General Tang that he had better cut lose from the National Government and also from Marshal Chang Hsueh-liang, whose tardiness in dispatching reinforcements may well have a depressing effect on the Jehol leader, particularly in view of the fact that the Japanese are constantly increasing their forces on the Jehol border. The Japanese telegrams continually hint that any movements that Marshal Chang's troops make on the Jehol border are not seriously directed against the Japanese but merely are sent with a view to "restraining" General Tang. However, at the same time that the Japanese telegrams make this gesture, the Japanese military authorities issue statements that any move by Marshal Chang as regards massing large bodies of troops along the Jehol border will be taken by the Japanese to be an unfriendly act, hinting at the same time that they would thereupon commence their long-anticipated drive into North China. Bound up with both the Manchurian and Jehol situation is the matter of opium cultivation. Jehol has been notorious for its cultivation of poppy and according to reports from the western section of the Chinese Eastern railway that section of Manchuria has now also became a poppy paradise, with a 150-mile stretch of land turned over to this narcotic plant, and so intensive has been the cultivation that vegetables in the Hailar region have to be "imported."

A Government spokesman at Nanking July 25 pointed out that there are at present about

8,000 Japanese troops at Chinchow. Feverish troop movements in Manchuria were reported during the last few days. The indications were that the Japanese would launch a large-scale invasion after their preparations are completed. The spokesman urged that the entire nation must now exert themselves in making necessary preparations for resistance. The Japanese military have increased their forces at Chinchow and Hsinmin and have despatched more than 40 airplanes to Suichung and Hsingcheng, southern Liaoning. The Manchukuo units under Chang Hai-peng have been ordered to the Liaoning-Jehol border to assist the Japanese in the invasion of Jehol.

Marshal Chang Hsueh-liang held a Northeastern Joint Defense Conference at Peiping July 24, at which, Generals Shih Yu-san, Han Fu-chu and others were present. The measures to be taken with reference to Jehol was the principal subject discussed. Japanese telegrams speak of Marshal Chang reorganizing the volunteer 7th Brigade under General Wan I-che and the 16th Brigade under Liao Chang-lin, 30,000 uniforms being supplied to them. The Japanese army authorities in Manchuria are represented as contending that this reorganization is to be interpreted as "Chang's provocative act against Japan."

Immediate mobilization of the Northeastern forces for armed resistance against the Japanese invasion of Jehol was urged by the Federation of National Salvation Associations, in a telegram dispatched July 22 to General Chang Hsueh-liang. The National Postal Workers' Union, in a telegram to the National Government, the Executive Yuan, and the Military Affairs Commission, also urged that a comprehensive plan be formulated as early as possible to check the Japanese militarists. The Union urges that troops should be mobilized to ward off the present invasion in order that steps may be taken later to recover the occupied territories in Manchuria.

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The Jehol situation has for the moment overshadowed operations further north in Manchuria. The eastern line of the Chinese Eastern railway is still not operating, as a result of frequent anti-Manchukuo raids—a circumstance which on the whole operates to the Japanese advantage as it means that bean transport for foreign countries is nearly all deflected south for eventual transmission over the South Manchuria railway. Various minor encounters have occurred along the eastern line of the railway, but no major operations are reported.

The most significant feature of the Manchurian situation is that during the past few weeks many Soviet officials, including several members of the Soviet Consular service, have left Harbin for Moscow. *Reuter* points out that a similar exodus of Soviet officials took place in 1929 just previous to the Soviet incursion into China across the border from Manchuli. Speculation is rife as to whether these officials are being called to Siberia mainly for the purpose of conferring with the Moscow authorities regarding the Manchurian situation or whether the visit is mainly concerned with the question of the disposition of the Soviet citizens arrested in March of last year charged with being implicated in terrorist plots.

Both the Japanese military authorities and the Russian press continue to issue statements of a nature which are calculated to fan the the flames of ill-feeling between the two countries. *Parvda*, official organ of the Communist Party, commenting July 22 on a belated *Rengo* report from Mukden purporting to give details of the wrecking of a Japanese troop train on April 12 and the attempt to blow up the railway bridge that spans the Sungari River at Harbin, says the "Japanese advisers have become so entangled in a situation of their own creation that they see Communist plots everywhere." The paper proceeds to cite cases in which serious damage was caused by the Japanese advisers in Manchuria to the French firm of Dreyfus and Company in Harbin and the British Wassard Company, which were accused of acting as centers of Communist activity. It also recalls the fact that when the seizure of the Manchurian customs took place the Japanese newspapers were filled with stories of Communist nuclei within the customs organization which is under the control of British officials. *Pravda* characterized the *Rengo* report about the Communist Internationale as "silly fabrications which are specially designed to cover up the actions of the Japanese occupants of Manchuria."

On the other hand the Japanese military authorities at Mukden July 13 issued a summary of the alleged activities of Soviet Russia in connection with the operations of Japanese troops in Manchuria during the past few months. The Japanese charge that one Bazarnov, a Soviet employee of the C. E. R. printing works, had always led the Communist elements in North Manchuria and, acting under instructions from the Third Internationale, tried to organize a group to give preparatory lessons to the Communists for blowing up important organizations in North Manchuria with a view of completely undermining peace and order, but had failed. Later on it was ascertained (so states the Japanese report) he succeeded in recruiting 80 men for this purpose. On March 30, he proceeded to Pogranitchnaya where he received secret instructions from the Internationale to proceed immediately with the explosion of water-supply tanks, electric power-stations, engine-sheds, warehouses and other buildings at Harbin. He was furnished with 131 bombs which he, aided by another Soviet Radical, successfully carried to Harbin by train. At 3 o'clock on the afternoon of March 31, they attempted to slip out of the station compound, when their supicious movement drew the attention of the Manchukuo policemen at the station. Bazarnov was arrested on the spot, but his companion made good his escape. As the result of a severe police grilling, Bazarnov is reported to have made a complete confession of the thrilling intrigue, upon which the police were called out on a hunt for his colleagues. By April 8, eight of the intriguers had been arrested; also 91 Communists on suspicion of being involved in the plot. Other reported intrigues include attempted destruction of the railway bridge on the second Sungari River in April, an unsuccessful plot to blow up a Japanese troops train on the eastern line of the C. E. R. on April 12 and the explosion of a Japanese troop

train on the night of April 12 near Chengkaotzu station on the southern section of the C. E. R., which resulted in 50 casualties.

Where the Russian shoe pinches is that as a result of all these disturbances the Chinese Eastern Railway's income has been reduced to an average of only G.Rs. 25,000 per day, whereas the daily expenses amount to more than three times that sum. The total length of the Chinese Eastern Railway is 1,721 kilometers, of which more than one-fourth cannot be operated owing to the activities of anti-Manchukuo forces on the eastern section. No improvement in the economic position of the railway can be expected until the situation on this section which has been out of commission since the beginning of April, returns to normal. But the spur south of Harbin is operating and that means that the S.M.R. is being fed with North Manchurian freight right along.

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U. S. Congressman Favors Rapprochement with Soviets

Mr. Henry T. Rainey from Illinois, Democratic floor leader in the House of Representatives, in an article written for the *United Press* counsels the United States to look to Soviet Russia for friendship.

He declares that America needs "at least one friend" and expresses the belief that the Lausanne Conference, the British Imperial Conference in Ottawa, and the trend of events in Asia afford an indication that most of the world is combining against the United States for various reasons. Mr. Rainey visited Russia last summer and found the U.S.S.R. eager to trade with the United States, he said, "despite our unfriendly attitude toward her." Mr. Rainey favors diplomatic recognition of the Government of the U.S.S.R. by the United States.

Has William Randolph Hearst Seen the Light?

SHORTLY after the Japanese occupation of Mukden on September 18 last year, Mr. William Randolph Hearst, proprietor of the *Hearst Newspapers* and news services, adopted the policy that it was of no interest to the United States what Japan did so long as Japan confined her activities to Asia. In simple language this meant that if the Japanese air-bombers blew a dozen or so Chinese towns to smithereens, killed and wounded a few thousand Chinese men, women and children and annexed a few Chinese provinces, this was no concern of the United States so long as Japan didn't repeat this process in the Western Hemisphere.

But Mr. Hearst apparently has seen the light and has decided that what Japan is now doing in Asia *is of direct concern to the American people.* The thing that caused Mr. Hearst to change his mind, apparently was the recent speech of Viscount Ishii (see issue *The Review* for July 2) wherein this author of the Lansing-Ishii Agreement and former Ambassador to the United States, curiously enough warned the United States that there would be war between Japan and America if the United States attempted to interfere in Asia. Mr. Hearst took advantage of the opportunity to preach a little sermon about the necessity for military preparedness *against possible Japanese military activities directed at the United States.* In view of the interest in the subject, we reproduce Mr. Hearst's editorial in the same size type which he used in the June 26 issue of his *Seattle Post-Intelligencer:*

> On June 21 Viscount Kikujiro Ishii, ex-Japanese ambassador to Washington, now in high position in Japan, arose at a dinner to Mr. Joseph C. Grew, American ambassador to Japan, and told Mr. Grew very curtly and rudely that America must keep out of Asia and keep her hands off Japanese affairs or there would be trouble.
>
> There was no need of such a statement. America has her hands off of Asia, in fact, has taken her hands off Asia more than any other nation has done.
>
> America is not meddling in Japanese affairs, although the United States joined the League of Nations in protesting against Japan's breach of faith and of its own pledges in the recent Chinese war.
>
> There was no occasion or necessity for such a deliberate insult to the American ambassador and to the American people, except the reason that the Japanese people are very hostile to Americans and the insult was intended to be printed in the papers and to please the Japanese.
>
> When a warlike people like the Japanese are hostile to another people and bent upon hostilities, it is certain that hostilities will occur sooner or later.
>
> If the Japanese have picked out the United States for their opponent in their next aggressive war, the United States will be that opponent and no pacifist effort on its own part, not even the cowardly evasion of its rights and duties, will escape the conflict.
>
> If the ex-ambassador to the United States, speaking at a dinner to the American ambassador to Japan, does not sufficiently represent the attitude of Japan to dull and indifferent American opinion, then please notice that President Hoover's recommendation for partial disarmament of the nations of the world met with instant and obstinate resistance on the part of France and Japan.
>
> Why?
>
> We know why, if we are not too prejudiced to admit it.
>
> The reason France refused was because she expects war with Germany.
>
> The reason Japan refused was because she expects war with the United States.
>
> She is preparing for that war and she is today more fitted to prosecute it than we are.
>
> She is increasing her navy. We are decreasing ours.
>
> She is fortifying her army with every modern equipment. We are neglecting and diminishing our army so that it is not even able to man our defenses.
>
> It took us nearly a year to prepare ourselves to enter the World War and even then we were not prepared.
>
> Do we fatuously imagine we would have a year to prepare ourselves for a war with Japan?

(Continued on page 334)

Japan s Theft of Manchuria---Complete Story

BY T. A. BISSON

(The following is the first complete and documented report on Japan's rape of China's Three Northeastern Provinces, to be compiled by a neutral independent organization—the Foreign Policy Association of the United States. Mr. Bisson, who compiled the report in collaboration with the Research Staff of the Association, is the author of "Railway Rivalries in Manchuria Between China and Japan.")

ON March 1, 1932, five months after the initial move of the Japanese military in September 1931, the independence of a new Manchurian-Mongolian state, since named Manchoukuo (Land of Manchuria), was formally proclaimed at Mukden; and on March 9, the former Manchu boy-Emperor Hsuan Tung, commonly known by his personal name of Pu Yi, was installed at Changchun as dictator of the new regime. The establishment of Manchoukuo with the aid of Japanese arms has made possible a connected survey of Japan's military, political, and economic activities in Manchuria during the six months' period covering the formation of the new state.

Underlying Causes of the Conflict

Manchuria offers similar advantages to China and Japan, and satisfies corresponding needs. China looks to Manchuria to minimize the effects of over-population by furnishing a direct outlet for immigration, a granary for its surplus millions, and a source of minerals for its future industrial development. Although comparatively few Japanese have migrated to Manchuria, increased industrialization within Japan offers an alternative means of supporting a larger population. For this purpose Manchuria affords Japan a source of raw materials, both mineral and agricultural, a market for its manufactured goods, and a profitable field of capital investment. Strategically Manchuria dominates north China, and is thus vital to China's security, while on the other hand it is regarded as Japan's first line of defense against Russia.

The strength of China's position in Manchuria has rested on its superiority in numbers and its recognized sovereignty. Thus fortified, the Manchurian administration has sought to overcome foreign political and economic privileges that threatened to reduce China's sovereignty to a purely nominal status. Within recent years especially, the Mukden authorities have recognized that mines, railways, banks and public utilities would have to be substantially Chinese-owned and operated in order to invest Chinese sovereignty over Manchuria with reality. Since 1925, at first under Chang Tso-lin, and later under his son, Chang Hsueh-liang, a policy of competitive economic development, designed to build up Chinese institutions and to break down foreign monopolies, has been pursued by the Manchurian administration. An ambitious program of railway construction, which was beginning to offer effective competition to the Japanese-owned South Manchuria Railway, was at the forefront of this development. The whole process was viewed with the greater concern by the Japanese military clique because of the increasingly intimate relations between Manchuria and China proper, established as a result of Marshal Chang Hsueh-liang's rapprochement with the Nanking government.

Japanese policy in Manchuria, as elsewhere in China, has been governed by the political situation in Japan. The Manchurian outbreak in September 1931 reflected a sharp political crisis within Japan, in which Manchurian policy was but one of a number of issues. In the decade since the fiasco of the Siberian intervention, which discredited the Japanese military, political control in Japan had been wielded by party leaders in alliance with the great financial and industrial interests. During this decade, parliamentary government had made great strides, especially in establishing the extra-constitutional principle that the leader of the majority party in the lower house of the Diet should be selected as Premier. Had this process continued, the War and Navy Ministers, constitutionally responsible only to the Emperor, would eventually have been subordinated to the head of the Cabinet. Foreign policy has also been liberalized during this period, in order to allow for a continued expansion of international trade. A conciliatory attitude was adopted toward China, Russia and the West, and vigorous cooperation was accorded to the League of Nations. Disarmament agreements were negotiated at Washington in 1922 and at London in 1930, and the Kellogg Pact was signed in 1928. Active opposition to these measures was confined principally to the military and to some sections of the aristocracy. The economic depression, however, brought them new allies. The lower middle class was hard hit, and the drop in agricultural commodity prices brought the farmers to the verge of bankruptcy. Economic discontent found its outlet in attacks on the politicians and financiers, who were accused of furthering their own selfish interests to the neglect of the country's welfare. The undoubted existence of widespread political corruption, arising from the intimate connections between government and big business, gave point to these criticisms. So-called Fascist societies multiplied in an attempt to give organized form to the growing popular revolt. The military and naval leaders, alive to the sentiments of the men in the ranks—for whose difficulties they felt a paternal sympathy—entertained similarly hostile feelings toward the politicians and the big bourgeoisie. Their relatively disinterested position, aloof from both politics and business, enabled them to come forward as champions and protectors of the masses against their alleged despoilers.

The Manchurian problem summed up in striking form the political contradictions within Japan. Baron Shidehara's conciliatory policy toward the Mukden authorities, and his reliance upon gradual Japanese economic penetration, ran directly counter to the interests of the various opposition groups in Japan. The military felt that a policy of conciliation encouraged Chinese repudiation of the "unequal treaties," and made no provision against the Soviet Union, which was daily becoming more powerful. They upheld a "positive" policy, which, as applied to China in the past, had always been synonymous with intervention. Equally sharp criticisms were level-

ed against the economic results of the liberal Manchurian policy. It was pointed out that the benefits derived from Manchuria were appropriated in large part by the great Japanese financial and trading interests. These interests controlled the South Manchuria Railway Company, the presidency of which was a political plum, reallocated with each change of government. Manchurian policy, the critics declared, had thus been subordinated to the world-wide commercial interests of the Mitsui and Mitsubishi banking houses, which were held to be basically responsible for Japan's international commitments with respect to the Nine-Power Treaty, the Kellogg Pact, and the League Covenant. This process, it was argued, should be reversed. Manchuria should become the cornerstone of Japanese foreign policy, and should be knit together with Japan into an economic whole. The intensive development of Manchurian resources would absorb the unemployed middle-class intelligentsia, while government-subsidized mass colonization projects would relieve the farmers. Thus oriented toward Manchuria, Japan would become economically and militarily self-sufficient and, with a lessening dependence on world trade, would be enabled to dispense with embarrassing international commitments.

Immediate Causes of the Outbreak

During the years 1930 and 1931, the critical nature of these underlying developments was evidenced by a growing spirit of hostility between Chinese and Japanese in Manchuria. The breaking-point was reached as a result of two incidents that took place in the summer of 1931. The first of these originated at Wanpaoshan, a small village near Changchun, where a Chinese mob attacked a Korean irrigation project on July 1. On April 16, a Chinese middleman had leased from twelve Chinese farmers a plot of 720 acres of land, which he later subleased to nine Koreans for purposes of rice cultivation. A group of several hundred Koreans thereupon proceeded to dam up the Itung River, eight miles distant, and to dig an irrigation canal from the river to the leased plot of land. The canal cut through the fields of over forty Chinese farmers, many of whom were not parties to the original leasing agreement. The Chinese also contended that the dam obstructed navigation and placed some 6,000 acres of cultivated land in danger of being flooded. On July 1, therefore, a mob of some 500 Chinese farmers, assisted apparently by a number of Chinese policemen, filled up the canal for a distance of two-thirds of a mile. A detachment of some 36 Japanese police, sent out at once from Changchun, was reenforced on July 3 by several men with a light machine gun. This force exchanged shots with the Chinese; no fatalities seem to have occurred, however, although at least one Chinese policeman was wounded. The disturbances quieted down after July 3, but the Koreans completed their irrigation project under the protection of the Japanese police.

Greatly exaggerated reports of this affair, alleging that a wholesale massacre of Koreans had taken place at Wanpaoshan, found their way into the Korean newspapers. Widespread anti-Chinese riots, lasting from July 3 to 10, at once developed in a number of Korean cities. In the course of the disorders, according to official Japanese estimates, 103 Chinese were killed, 75 were seriously injured, and 46 slightly hurt. Thousands of Chinese residents fled across the border into Manchuria, and hundreds of Chinese shops and residences were looted or destroyed. The inactivity of the ordinarily efficient Japanese police and the failure to call out the military led to charges that the riots were fomented by members of the Japanese military clique. The whole affair at once became a diplomatic issue of prime importance. Dr. C. T. Wang, the Chinese Foreign Minister, demanded that Japan accept full responsibility for the Korean riots and satisfy Chinese losses by the payment of an indemnity. In reply, Baron Shidehara tendered the Japanese government's regrets for the riots and voluntarily offered compensation for the relief of the Chinese victims, but refused to accept responsibility for indemnification. Diplomatic negotiations dragged on through August without result. It was at this time that an anti-Japanese boycott movement began to develop in China.

In the middle of August, the Wanpaoshan affair was eclipsed by a second incident—the execution of Captain Nakamura and three companions by Chinese soldiers in the interior of Manchuria. This event, which is believed to have occurred late in June, was not immediately discovered, and news of it was for a time suppressed by the Japanese Foreign Office, so that the first public report was not issued until August 17. According to this report, Captain Nakamura had secured a Chinese passport at Harbin, but had concealed his military status, representing himself as an educator engaged in geographical study. Early in June the party had set out for the interior. About June 27 they were arrested near Taonan by a body of Chinese troops, fully investigated, and then executed. Later reports stated that Captain Nakamura was on military duty at the time, and carried with him quantities of heroin and large sums of money, giving rise to allegations that his aim was to incite disaffection among the Mongolian tribes.

The details of this case were made public by the Japanese military authorities over the strenuous protests of the Foreign Office. Furthermore, on issuing the statement, the military authorities definitely rejected the suggestion of the Foreign Office that Captain Nakamura's military status be kept secret in view of the fact that his passport represented him as an educator. From this time on, the Minseito government's struggle against the positive measures advocated by the military with regard to Manchuria, which had been carried on more or less under cover for some months, came out into the open. Every effort was made by Baron Shidehara to negotiate a settlement of the Nakamura affair. This attempt was rendered more difficult when an investigating body, sent out by the Mukden authorities, reported early in September that it had found no evidence of the murders. The Japanese military utilized the opportunity thus presented to inflame public opinion and to dictate the government's policy under threat of independent punitive action in Manchuria.

During the second week of September, which witnessed the military authorities of Japan carrying on negotiations in Manchuria side by side with the civil authorities, matters rapidly came to a head. On September 10 Colonel Dohihara, chief of the Kwantung garrison's special service corps, reported to General Kanaya, Chief of Staff, regarding "the concrete plan for a measure to be taken against China which is being upheld by the leading men of the Kwantung troops." The action to be taken was thereupon carefully worked out by the General Staff and the War Department, and instructions were wired to General Honjo, commander of the Kwantung garrison. On September 14 Colonel Dohihara left Tokyo for Mukden, with additional instructions from the military authorities. General Honjo himself proceeded to Mukden on September 15, and immediately after his arrival issued mobilization orders to all Japanese troops in that area "in the same manner as at a time of actual warfare."

Meanwhile, Baron Shidehara's negotiations with the Chinese authorities at Mukden, following the dispatch of a second Chinese investigating commission, were approaching a successful conclusion. On September 16 the Japanese Consul-General at Mukden was informed that Lt.-Colonel Kwan Yu-heng, commander of the Third Corps of the Chinese Militia, alleged to have been responsible for the Nakamura executions, was under detention at the headquarters of the Mukden gendarmerie, and that his courtmartial had been decided upon. News of this event, laying the basis for a settlement satisfactory to Japan, was published in Japanese newspapers on September 17. On the following day, Japanese military operations were begun at Mukden.

Military Occupation of Manchuria

Japan's military occupation of Manchuria was accomplished in four well-defined stages. In the first stage, which began on September 18, 1931, the Japanese military took over all important centers in South Manchuria. Toward the end of October the advance on Tsitsihar was initiated, resulting in the capture of that city on November 18. In December the attack was shifted to Chinchow, which was taken on January 2, 1932. The final stage began late in January, with the dispatch of an expeditionary force to Harbin, which was occupied on February 5. Effective control over the suc-

cessive advances has rested with the military commanders in the field, subject only to the War Office, which enforced acceptance of its decisions by the civilian elements of the government.

Occupation of South Manchuria

On September 19 and 20, the chief cities along the South Manchuria Railway, including Mukden, Changchun, Antung, Yingkou and Fushun, were simultaneously taken over by the Japanese military. The city of Kirin was occupied on September 21. These operations placed the whole of South Manchuria under complete Japanese control.

The initial cause of this military action is ascribed by the Japanese to the destruction of a section of the South Manchuria Railway tracks just north of Mukden in the neighborhood of the Chinese barracks at Peitaying, where the first clash occurred on the night of September 18. The official Japanese statement concerning this incident declares that at 10:30 on the night of September 18 a detachment of Japanese railway guards discovered that some 400 Chinese soldiers from the Peitaying barracks had just blown up a section of the South Manchuria Railway line. The ensuing exchange of shots resulted in a clash between larger bodies of the combatants, which led to the summoning of Japanese reinforcements, the occupation of the Peitaying barracks early on September 19, and the taking over of Mukden later on the same day. As news of this action spread through Manchuria, the South Manchuria Railway guards were obliged to occupy other centers in order to protect Japanese residents and railway property.

The Chinese appeal to the League Council, submitted by Dr. Alfred Sze on September 21, stated that regular Japanese troops had opened rifle and artillery fire upon the Chinese forces at Mukden "without provocation of any kind." The Chinese further asserted that the smoothness and swiftness with which the Japanese operations were simultaneously carried out in widely separated areas indicated premeditation. A number of neutral observers support this charge.

At Tokyo on September 19, following an emergency Cabinet meeting, the Foreign Office declared that every effort would be made to localize the situation and that the Japanese troops would be withdrawn as soon as the panic in Mukden subsided. On September 21, however, a detachment of Japanese troops from Changchun occupied the city of Kirin. On the same day, after a seven hours' Cabinet debate, Baron Shidehara and Finance Minister Inouye prevailed on General Minami, Minister of War, to defer his urgent recommendation that reinforcements from Japan should be sent at once to Manchuria. Half an hour after the Cabinet rose, nevertheless, General Minami informed Baron Shidehara that the Korean commander, acting on his own discretion, had ordered a mixed brigade to proceed to Mukden, and the Premier "bowed to the *fait accompli*." The conflict which was taking place in the Cabinet is apparent in the first official statement of the Japanese government of September 24, transmitted to the League Council by Mr. Yoshizawa on September 25, which read in part as follows:

> "The Japanese Government, at a special Cabinet meeting of September 19th, took the decision that all possible efforts should be made to prevent an aggravation of the situation, and instructions to that effect were given to the commander of the Manchurian garrison. It is true that a detachment was despatched from Changchun to Kirin on September 21st, but it was not with a view to military occupation. It was sent only for the purpose of removing menace to the South Manchuria Railway on the flank. As soon as that object has been attained, our detachment will be entirely withdrawn. It may be added that, while a mixed brigade of four thousand men was sent from Korea to join the Manchurian garrison, the total number of men in garrison at present still remains within the limit set by treaty, and that fact cannot therefore be regarded as having in any way added to the seriousness of the international situation."

The statement of September 24 also declared that the Japanese troops had been "mostly withdrawn within the railway zone," and in presenting it to the League Council on September 25 Mr. Yoshizawa added that the Japanese government intended "to continue withdrawing troops as soon as tranquillity has been sufficiently restored to enable it to do so without danger to its nationals." On September 28 Mr. Yoshizawa further stated to the Council that "the withdrawal of our troops continues" and that Japanese forces were stationed outside the railway zone only at Mukden, Kirin, Chengchiatun, and Hsinmintun. On the basis of these assurances, noted in the League Council's resolution of September 30, the Council adjourned for two weeks. Even while the assurances were being given, however, detachments of Japanese troops were taking over additional outlying cities in Manchuria. On September 24 the occupation of Tunhua was reported, with the comment that despite the withdrawal policy of the Foreign Office the military were "in charge of operations" and intended "to supervise the situation in their own way." On September 26 a company of Japanese soldiers proceeded to Taonan by armored train on the order of "a local commander, in face of the orders from the Cabinet here that Japanese troops should not go farther." The bombing of Chinchow, where Marshal Chang Hsueh-liang was attempting to form a provisional Manchurian government, occurred on October 8. At a meeting of the Cabinet, held on October 9, it was decided that "the air raid [at Chinchow] was not illegal and that the action of the Japanese troops was in order."

The Advance on Tsitsihar

In mid-October, shortly after the bombing of Chinchow, an independence movement led by General Chang Hai-peng developed in Heilungkiang province. Despite reported Japanese aid, the movement was successfully crushed by General Ma Chan-shan, acting head of the provincial government at Tsitsihar, after a severe struggle south of the Nonni River. While these events were taking place in north Manchuria, the second Manchurian session of the League Council had convened on October 13 at Geneva. On October 24 the Council adopted a resolution, Japan alone dissenting, calling for the immediate initiation of a progressive Japanese evacuation to be completed by November 16.

A strong force of Japanese troops was dispatched by General Honjo to Taonan on October 26, followed on the next day by an ultimatum demanding the repair within a week's time of the Nonni River bridge, allegedly destroyed by General Ma. On November 4 a South Manchuria Railway construction crew, under the protection of Japanese troops, began repairs on the Nonni bridge. At Tokyo, on the same day, the government categorically denied reports "that the Japanese intend to occupy Tsitsihar." On November 5, fighting was reported between the Japanese troops and the forces of General Ma, and Japanese reinforcements were being sent into the area. It was stated that "the sending of troops to that region occasioned a prolonged debate between the War Office and the Foreign Office and was sanctioned only after a definite understanding that the troops would not go beyond [the] Nonni." The initial conflict ended in a statement on November 8, with the Japanese forces withdrawing to the south bank of the Nonni River. On November 9 General Ma rejected a second ultimatum from General Honjo, demanding his resignation as governor of Heilungkiang within twelve hours. The decisive phase of the fighting began on November 15, at the time when the League Council was assembling at Paris in pursuance of its resolution requiring Japanese withdrawal by November 16. General Ma's forces were defeated, retreating northward toward Koshan, and the Japanese troops entered Tsitsihar on November 18. As a result of the month's campaign, the railway line from Ssupingkai to Tsitsihar and the Heilungkiang provincial government were brought under Japanese control.

The Taking of Chinchow

Immediately following the capture of Tsitsihar, the Japanese military headquarters at Mukden gave notice that Marshal Chang Hsueh-liang's troops would be required to evacuate Chinchow. On November 27 a force of some 10,000 Japanese troops left Mukden, inaugurating a large-scale offensive against Chinchow. On the next day, the advance was abruptly halted and the troops recalled to Mukden. Reports from Tokyo said that Baron Shidehara had secured Imperial prohibition of the advance. During this period, also, severe external pressure was brought to bear on the Japanese government. At the instance of the League Council, and in addition to League pleas, the various powers made separate representations at Nanking and Tokyo, and British, French and American military observers were dispatched to Chinchow, arriving November 24.

At this time, the civilian authorities at Tokyo were seeking to reach a political agreement with Marshal Chang Hsueh-liang on the basis of a neutralization of the Chinchow area, a proposal which was under consideration

by the League Council at Paris. The ultimate failure of this attempt on the part of Baron Shidehara to secure the peaceful withdrawal of Marshal Chang's troops from Chinchow left the field open to action by the military, and was in part responsible for the downfall of the Minseito government. On December 10 the League Council unanimously adopted a resolution providing for a five-power Manchurian commission of inquiry, but only after Mr. Yoshizawa had reserved the right of Japan's military forces to take such action as might be rendered necessary for the protection of Japanese life and property against bandits. This reservation, enforced by the military group, represented a further defeat for Baron Shidehara. The Minseito government resigned on December 11, and was succeeded by a Seiyukai government, with Ki Inukai as Premier. General Sadao Araki, an outstanding leader of the Fascist militarists, became Minister of War. On December 19 the new Cabinet authorized General Honjo to demand the withdrawal of the Chinese forces at Chinchow beyond the Great Wall. A sweeping Japanese offensive against bandits and irregulars, launched from Mukden on December 21, was soon turned toward Chinchow, which was entered on January 2, 1932. The territory between Chinchow and Shanhaikuan was rapidly cleared of Chinese troops, thus extending Japanese control to the Great Wall.

The Capture of Harbin

Early in January, following the capture of Chinchow, hostilities developed in north-central Manchuria between General Hsi Chia, new "independent" governor of Kirin province, and General Ting Chao, loyalist Chinese leader at Harbin. On January 12 the Soviet Ambassador at Tokyo expressed his concern over these developments to the Japanese government, which reiterated its "previous statement that Japan would not send troops to Harbin . . . unless the lives and property of Japanese were endangered." On January 28, following the defeat of General Hsi Chia and the reported looting of Japanese property at Harbin, a detachment of Japanese troops was dispatched from Changchun to the threatened area. In the course of a week's severe fighting, the Japanese troops, with the aid of heavy reinforcements, routed General Ting's forces and entered Harbin on February 5. Japan's military occupation of Manchuria was now complete. Local Chinese revolts against the new regime continued, however, especially in north Manchuria, culminating in a widespread rebellion in the spring of 1932, headed by General Ma Chan-shan, after repudiating his connection with the independence movement.

Evolution of the New State

As Japanese military control was extended over Manchuria, the former administration of Marshal Chang Hsueh-liang was replaced in the various local and provincial centers by new Chinese governments, independent of Nanking but dominated by Japanese advisers. The initial military operations in September brought the two provincial capitals of Mukden and Kirin under Japanese sway, and independent Chinese administrations were organized almost immediately in these cities. At the same time, so-called self-governing Chinese committees were organized under Japanese auspices in practically all the local cities of South Manchuria. In November, when Tsitsihar—the third provincial capital—was occupied, an independent Chinese government was also instituted for Heilungkiang province. These new governments were in each case sponsored by the Japanese military authorities. The Foreign Office at Tokyo maintained a "hands-off" policy with regard to the so-called Chinese autonomy movements in Manchuria. Any connection with efforts made during November to place Hsuan Tung, the former Manchu boy-Emperor, at the head of a united Manchurian government, was disavowed by the Japanese government. The occupation of Chinchow and Harbin by February, however, brought the remaining opposition centers under Japanese military control, and was followed in March by the establishment of a unified Manchurian-Mongolian regime headed by Hsuan Tung.

The New Regional Governments

During the first days of the Mukden occupation, Colonel Dohihara, liaison officer for the Japanese military, was made chief military administrator of the city, acting as mayor. This military administration was gradually replaced by a local Peace Preservation Committee, headed by Yuan Chin-kai, an old Chinese scholar and official, which exercised municipal authority under the direction of Japanese advisers. Attempts to transform this committee into a Fengtien provincial government were resisted by Yuan Chin-kai, although a proclamation to this effect, severing relations with Marshal Chang Hsueh-liang and the Nanking government, was issued on November 10. A further reorganization of the government at Mukden was effected on December 15, when General Tsang Hsih-i formally accepted the post of governor of Fengtien province. General Tsang, who had been governor of the province under Marshal Chang Hsueh-liang, had since September 19 been under detention at a private house in Mukden, from which the Japanese transferred him directly to the governorship. In addition to Tsang Hsih-i as governor, the reorganized Fengtien government included Yuan Chin-kai as supreme adviser, Chao Hsin-po as mayor of the Mukden municipality, and some ten additional Chinese heads of bureaus and commissions. The Japanese advisers numbered well over forty. A neutral observer stated that the inauguration of the new government had little effect in restoring confidence to the people of Mukden.

Independent governments, similar in character to that of Mukden, were also set up by the Japanese military authorities at Kirin and Tsitsihar. An autonomous government of Kirin province, with General Hsi Chia as governor, was proclaimed on September 27, less than a week after the Japanese occupation of Kirin city. The Kirin government was directed by Japanese advisers from the first. It proved to be the most stable of the regional governments established during the early months of the Japanese occupation. Much greater difficulty was encountered at Tsitsihar, where, despite the overthrow of General Ma Chan-shan in November, the new Heilungkiang provincial government was not formally organized until January 7. The new governor was Chang Ching-hui, a former Chinese official who had been actively advocating an independence movement at Harbin since October. Shortly after Chang Ching-hui's installation as Heilungkiang governor, General Ma Chan-shan was apparently won over by the Japanese, who had been endeavoring to secure his support for some time. In February, following the Japanese occupation of Harbin, Chang Ching-hui was made governor of the Harbin special district, leaving General Ma at Tsitsihar as governor of Heilungkiang. Inner Mongolia was also brought under Japanese influence during these months. General Tang Yu-lin, governor of the Jehol province, although refusing to allow the Japanese military within his area, is claimed by the Japanese to have associated himself with the Manchurian autonomy movements. Steady negotiations carried on with the Mongols by the Japanese military authorities at Mukden won over a number of the princes. Charges made by Marshal Chang Hsueh-liang, based on reports received during October from his subordinates in the field, that Mongol autonomy bands were being armed and equipped from the stores of the Mukden arsenal, were denied by the Japanese.

The Manchoukuo Government

Throughout the period of the regional independence movements, reports of the formation of a united Manchuria kept recurring, especially in connection with Hsuan Tung, the last Manchu emperor. These reports became more definite early in November, when Colonel Dohihara appeared at Tientsin and visited the former emperor. On November 10, in the midst of the Tientsin riots, Hsuan Tung disappeared from the Japanese concession, where he had resided since 1924, and reappeared several days later in South Manchuria under the protection of the Japanese military. Chinese reports asserted that Hsuan Tung had been escorted to Taku in a motor boat by Japanese officers, including Colonel Dohihara, and that there he had boarded a Japanese gunboat. Denying these reports, the Japanese Legation at Peking in a statement of November 24 declared that owing to fear of bodily harm in the riots Hsuan Tung had escaped from Tientsin on November 10, and that he had "unexpectedly landed at Yingkou three days later," where the Japanese authorities had acceded to his request for protection. Meanwhile, extensive preparations had been made for Hsuan Tung's reception at Mukden, and his enthronement as ruler of Manchuria was expected to take place on November 16. Nevertheless, although Hsuan Tung's arrival at Mukden was reported on November 15, the expected establishment of a new Manchurian state did not materialize. Hsuan Tung, however, remained at Port Arthur in charge of the chief of police of the Kwantung government.

The bases for a united Manchurian-Mongolian state were laid at a conference of Chinese independence leaders, held at Mukden under the guidance of Japanese advisers

on February 15-18, 1932. The conference set up a new central administration, composed of the heads of the various regional Chinese governments, and appointed a committee to draft a permanent constitution. On February 18, the independence of Manchuria and Inner Mongolia was tentatively proclaimed by the newly established Northeastern Administrative Committee. The declaration was signed by Tsang Hsih-i (Mukden), Hsi Chia (Kirin), Chang Ching-hui (Harbin), Ma Chan-shan (Tsitsihar), and two Mongolian princes, Ling Sheng and Chi Wang. The new state of Manchoukuo came into official existence on March 1.

At an elaborate ceremony, held in Changchun on March 9, Hsuan Tung was inauguated as Provisional Dictator (*Chin Cheng*) of the new government of Manchoukuo. The Manchoukuo constitution, promulgated on March 11, places the Provisional Dictator, with his Privy Council, at the head of the state. Directly under him are the four principal departments—Executive, Legislative, Judicial, and Inspection. The Executive Department comprises the Cabinet and the Board of General Affairs. The Cabinet is headed by a Premier, who acts as the link between the Provisional Dictator and the various ministries. The constitution nominally invests the Dictator with practically unlimited powers. The Privy Council, however, is empowered to advise him on laws, edicts, the budget, diplomatic negotiations, appointment and dismissal of high officials, and other important state affairs. The chief officials of the government, announced on March 10, included Cheng Hsiao-hsu (Prime Minister), Ma Chan-shan (Minister of War), Hsieh Chieh-shih (Foreign Minister), Hsi Chia (Finance Minister), and Chang Ching-hui (head of the Privy Council).

The most significant feature of the Manchoukuo government is the authority exercised by its Japanese members, not only as advisers but also as officials. Representatives of all races residing in Manchuria, including Japanese, are eligible to hold office. Acting on this principle, the government announced on April 23 the appointment of four Japanese to key positions in the Ministries of Finance, Foreign Affairs and Home Affairs, and the Fengtien provincial police bureau. In addition, the framework of the government includes a Board of General Affairs, consisting of six bureaus—accounts, personnel, purchasing, legislative, statistics, and secretariat. The president of the board and the chief of each bureau is a Japanese. This board prepares the budget and wields the power of dismissal, thus having final control over policy. It occupies a position in the Executive Department equal to that of the Cabinet. By virtue of its budgetary and dismissal powers, however, it is not only the predominant partner in the Executive Department but the sovereign authority in the government. The Finance Department does not draft the budget, but merely collects and disburses revenue. The various ministries function on the basis of their budgetary appropriations, and are consequently dependent on the Board of General Affairs, particularly since the latter is able to dismiss recalcitrant ministers or officials.

Policies of the New Government

The Manchoukuo regime has assumed the entire administrative authority exercised by the former Manchurian government. All political and economic rights and obligations of the old government are claimed to have devolved upon the new. Thus, control of the customs, salt gabelle, and post offices in Manchuria has been taken over by Manchoukuo appointees. At the same time, the foreign loans hypothecated in part on the Manchurian customs and salt revenues have been recognized, and arrangements have been made to transfer the requisite sums to the Nationalist authorities in China. Whatever surplus may exist, however, is retained by the Manchoukuo government. The far-reaching economic reorganization carried out by the new Manchurian authorities, which is designed to bring the principal railways, banking and industrial enterprises, and public utilities under government control, reveals how complete their assumption of administrative authority has been. Fiscal reforms under consideration include currency unification and stabilization, tax reduction, and strict budgetary accounting. The extent to which Manchoukuo will require financial assistance from Japan is still uncertain.

The most distinctive policy of the new regime has been its attempt to secure foreign recognition as an autonomous state, independent of China. In pursuance of this aim, Foreign Minister Hsieh Chieh-shih sent a telegram on March 12 to the Foreign Ministers of seventeen countries having consular representatives in Manchuria. This telegram announced the formation, on March 1, 1932, of an independent Manchurian state, established by the "people of Manchoukuo, taking the opportunity of the collapse of the old military clan." After enunciating seven principles by which Manchoukuo's foreign policy would be guided, including those of respect for the "open door" and for the treaty obligations of the Chinese Republic, the telegram concluded with a request for the establishment of formal relations.

No foreign government, however, has yet recognized the Manchoukuo regime. The United States had formally notified Japan on January 7 that it would not recognize any situation which might impair treaty rights guaranteed by international agreements involving China's territorial and administrative integrity or the open door policy, or which might be brought about by means contrary to the Anti-War Pact. Similar action was taken by the League Assembly in its resolution of March 11, declaring it incumbent upon League members not to recognize any situation brought about by means contrary to the League Covenant and the Kellogg Pact. As a result, the United States and Great Britain refused to acknowledge receipt of the Manchoukuo government's communication, and this general attitude has been adopted by other Western powers. The Japanese government, while acknowledging the Manchoukuo note of March 12 and welcoming the expressed respect for China's treaty obligations and the open door policy, made no reference to recognition in its reply. On June 2 Premier Saito stated: "Japan's recognition of Manchoukuo must depend on the usual conditions for recognition of a new State, including proved capacity to maintain itself as such."

Economic Reorganization of Manchuria

Parallel with the evolution of the new state, a drastic reorganization of the financial and economic institutions of Manchuria has been effected. Prior to September 1931, the economic life of Manchuria was characterized by a cleavage along national lines. Industrial and financial institutions, especially in South Manchuria, were partly controlled by China and partly by Japan. Competing Chinese and Japanese railways, banks, public utilities, and mining and industrial enterprises were the rule rather than the exception. The new program is broadly directed toward the consolidation of Chinese and Japanese economic institutions under the control of the Manchoukuo government. In carrying out this program, many Chinese-owned institutions, both public and private, have been taken over by the new regime and placed under Japanese supervision.

Banks

The two principal banking institutions of the former Manchurian government, the Frontier Bank and the Bank of the Three Eastern Provinces, were both located at Mukden. For several weeks following the Japanese occupation, these two banks were closed and their affairs subjected to a thorough examination by Japanese inspectors. On October 15 they were allowed to reopen, each being placed under the direction of a Japanese governor and eight Japanese assistants. Although private deposits were in general recognized, the chief assets of these banks, consisting of large sums deposited by officials of the former government, have been reserved for the use of the Manchoukuo government. Aside from Chinese protests that the action thus taken represents confiscation of private funds, this policy has also occasioned considerable complaint from foreign firms operating in Manchuria which are owed varying amounts by the former government. As a result of diplomatic protests to the Japanese government, including those made by Ambassador Forbes, the Tokyo authorities have declared that all legitimate foreign claims will be honored.

A preliminary scheme of banking and currency unification has been formulated by the new Manchurian administration. A new central bank is to be set up with a capital of $3,000,000 silver and a bullion reserve of $10,000,000 silver. It is also planned to replace the various local and provincial currencies with the silver dollar current in South Manchuria.

Railways

Prior to the Japanese occupation, some 1,800 miles of Manchurian railways were owned and operated by Marshal Chang Hsueh-liang's government. Of these, approximately 600 miles had been constructed with Japanese funds which had mostly gone unpaid, and the remainder largely with Chinese capital. In the railway reorganization effected since the occupation, the lines

constructed with Japanese capital have been taken over by the South Manchuria Railway Company virtually on the basis of an international foreclosure. Of the lines constructed with Chinese capital, several have suffered damage and have not been repaired, while the rest have become adjuncts of the South Manchuria Railway. Japanese advisers, exerting final control over the operation of the lines, have been placed in all the railway offices. Eventually it is planned to place the Chinese railways under the control of the new Manchurian administration.

In South Manchuria, the reorganization thus effected has removed the threat to the supremacy of Dairen caused by the developing Chinese railway net based on the ports of Newchwang and Hulutao. The operation of the Tahushan-Tungliao line has been completely interrupted, while the Kirin-Mukden lines has been made a feeder to the South Manchuria Railway. In central Manchuria, the Japanese are taking steps to achieve their objective of establishing a new railway approach from Korea. The Changchun-Kirin and Kirin-Tunhua lines have been amalgamated under a centralized Japanese control, and the construction of the long-projected extension to Huining (on the Korean border), which the Chinese authorities had opposed, is expected to be completed during the summer of 1932. In north Manchuria, the Manchoukuo government has placed its own appointees on the governing board of the Chinese Eastern Railway, which is under joint Sino-Russian control.

Public Utilities

Public utility enterprises in Manchuria, comprising telephone, telegraph and electric systems, which, prior to the Japanese occupation, were predominantly Chinese-controlled, are now for the most part under Japanese supervision. This change has been effected either by the installation of Japanese advisers in former Chinese institutions or by the amalgamation of previously competitive Chinese and Japanese concerns. At Mukden a newly constructed Chinese electric light plant has been connected with the Japanese-owned power plant at Fushun and is operating under Japanese management. Changes of a similar nature are occurring in the status of the sixty or more Chinese electrical plants in other sections of Manchuria.

The local Chinese telephone and telegraph systems in the Manchurian cities have been connected with previously competing Japanese systems and placed under Japanese supervision. The long-distance Chinese systems, however, have been completely shut down. Long-distance telephone calls must be placed through the Japanese switchboards, and telegrams destined for China or other countries are transmitted only by the Imperial Japanese Telegraphs. Three powerful radio stations, erected at Mukden by the former Chinese government, were occupied by the Japanese military after September 18. One of these—a military station—was entirely destroyed by a fire of unknown origin in November. The Sino-American station reopened under Japanese control on April 15, and the Sino-German station is expected to resume operations shortly under the same conditions.

Industrial Enterprises

Many of the important Chinese-owned mining and industrial concerns in Manchuria have been either shut down or are being operated under Japanese control. The Fuchouwan coal mine, the largest Chinese-owned enterprise of its kind in Manchuria, was forcibly taken over by the Japanese military and is now directly operated by Japanese. The Chinese officials of the Penshihu coal mine, formerly a joint Sino-Japanese enterprise, have been ousted and management vested solely in Japanese hands. The Tungfa Coal Company, a Chinese distributing agency, now operates under Japanese advisers and handles only Japanese-produced coal.

The Mukden Cotton Mill, previously owned and operated by Chinese, was closed for a considerable period and then reopened under Japanese supervision. Li Da and Company, an important Chinese enterprise owned by the Bank of the Three Eastern Provinces, which functioned as an agent of the bank in the export of Chinese products, has been placed under complete Japanese control. Promising advances made by the Chinese authorities in utilizing the arsenal plants at Mukden for productive industrial activities have been halted since September 18, when a number of the Chinese workmen were killed and the rest scattered.

Conclusion

The new political alignment within Japan constitutes the decisive factor in future Manchurian developments. Present indications point toward the consolidation of a Fascist-military dictatorship, perhaps retaining the forms of parliamentary government, but ruling in the interests of the lower middle class and peasant elements of Japan. Under this regime, the Japanese hold on Manchuria will be strengthened, and a sustained effort will be made to bind Manchuria and Japan together into a self-sufficient economic unit. At the first sign of serious foreign pressure, the new leaders may attempt to secure Japan's withdrawal from the League of Nations. Losses incurred by this "back to Asia" policy, either in trade with China or in possible international political isolation, will be discounted in the effort to push their program through to success. The economic feasibility of a self-contained Japanese empire, in view of the proved unwillingness of the Japanese farmer to colonize the Asiatic mainland, except at the cost of a subsidy which would be prohibitive, is questionable. In any case, the immediate economic benefits to be derived from Manchuria are certain to prove disappointing. In this situation, under the spur of continued economic distress, the internal political struggle may be fought to an uncompromising conclusion over the issue of socializing Japanese finance and industry.

Pending the outcome of this struggle, Japan confronts formidable difficulties in its attempt to consolidate the Manchoukuo regime. Foremost among these is the hostile attitude of the overwhelmingly Chinese population of Manchuria. Chinese loyalist forces continue to maintain a stubborn resistance, especially in Heilungkiang province, which offers unique advantages for a type of guerrilla warfare exceedingly difficult to overcome. The appropriation of nearly $65,000,000, passed by the Japanese Diet in June to cover expenditures for a further seven-months' campaign in Manchuria, indicates the seriousness with which the Japanese military authorities view this problem. Should armed opposition be suppressed, it would undoubtedly give way to a passive resistance even more difficult to handle. In the second place, the anti-Japanese boycott in China proper, which has greatly reduced Japanese exoprts to China during the past year, will continue to menace Japanese financial stability through its adverse effect on Japan's balance of trade. These commercial losses must be added to the expenses of the Manchurian campaign in order to estimate the full burden imposed on the Japanese budget by a continued occupation of Manchuria. Finally, the refusal of the Western powers to recognize the Manchoukuo government is likely to nullify efforts to legalize its international status. This problem will again be brought to the fore when the League Commission of Inquiry presents its report in the autumn of 1932

Japanese Invasion Causes Shanghai Chinese Municipality to Have a Deficit

The Municipal Government of Greater Shanghai is faced with a deficit of over a million dollars for the fiscal year which ended on June 30.

According to a high official of the Municipal Bureau of Finance, the Municipal Government was just about to embark upon a drastic retrenchment policy last January when the Sino-Japanese hostilities started. Deprived of large amounts of revenue from the "war" areas at such a time, municipal finances were thrown out of gear and, though the strictest economy was exercised, new demands on the Treasury, for immediate relief and rehabilitation, had to be met, resulting in the deficit.

China States Terms for Resuming Relations with Soviets

A report issued in Mukden July 20 stated that the National Government of China intends to propose four conditions for resumption of Sino-Soviet relations. They are: (1) Mutual non-aggression, (2) Prohibition of communistic activity in China, (3) Resumption of negotiations on the Chinese Eastern Railway problem, and (4) Non-recognition of the state of Manchukuo.

Other information was to the effect that the U. S. S. R., is considering recognition of Manchukuo as a means of developing its present policy, and that Nanking is hurrying to reopen Sino-Soviet negotiations in an effort to stave off this move.

Questions for the "Talkie" Promoters to Answer

To the Editor, *The China Weekly Review*:—

With reference to your editorial in the current issue of the *China Weekly Review* (July 23) your readers ought to know that it is being claimed in certain informed quarters that the prospectuses of the newly organized motion picture companies, which have been conducting an extensive campaign of advertising in the local press for public subscriptions to their shares, contain statements that tend to misguide possible subscribers who gather the impression that quick profits coupled with a return of their investments are warrantably expected.

The assertion is made by those who are intimately acquainted with the history and present status of the motion picture industry in China that no company however financially strong can possibly proceed on the plans as outlined in the prospectuses of the two companies mentioned and produce a profit in a year.

In the public interest and to remove the possibility of misunderstanding any unjustified hopes on the part of small investors who may expect to realize an early profit and a quick appreciation in the value of their capital invested in the two companies, it would serve materially to dispel apprehension if these two companies would give the public a more detailed explanation of the manner by which they estimate the conduct of their business will bring profits within any specified time.

For example, the Prospectus of the First China National Productions, Ltd., states that 16 features and 50 short subjects will be produced in a year, from which profits amounting to $3,500,000 will be realized.

Without questioning the ability of the company's directors to produce so many pictures within the short space of twelve months, on what do they base the expected income which they state is "conservatively" estimated?

The organizers of the First China National Productions declare in their prospectus that 16 features will produce a profit of $100,000 each in China and G$5,000 each abroad. They promise that the 50 short reels will bring $25,000 each domestically and G$1,000 each from foreign distribution.

Somewhat Over-Confident

They must be aware of the fact that before a picture can net any producer a profit of $100,000, it must gross $250,000, a figure that few films have ever realized in this country. A picture like "Love Parade" has been able to do it, but is it not promising the public quite too much to say that a company in China can produce 16 full length features in one year and have each one of them net that company $100,000? There is no company, even in Hollywood, that has ever produced 16 successes in a row. Is it not a little over-confident to say it can be done in China within the next year or two?

It is declared by recognized authorities in the Chinese motion picture industry that no short subject released in China has ever netted $25,000—not even one-third of that amount. Is it not a little too optimistic for the promoters of the First China National Productions, Ltd. to promise that they can produce 50 record-breakers in one year.

As for receipts from foreign distribution, everyone knows that the principal market is America. All foreign producers wish to have their products exhibited in that country. For years the German and British producers have tried with indifferent success to market pictures in the United States. With all the resources of their technical skill and financial power, not a single foreign producer has ever succeeded in distributing 16 features among the Americans in one year or even in several years. Even if it is true that, as the prospectus claims, "the finished product from the studios of the First China National Productions, Ltd., will be equal, if not superior, to the films released by any of the great American or foreign producers," on what is it expected that such an unheard of thing as 16 features can be released by one foreign producer in the United States in one year?

The foregoing observations and questions regar ding 16 features apply also to the foreign distribution of 50 short subjects.

Of course, it is a matter only of opinion, but "the importance and influence of the well-known men who constitute its officers and Board of Directors" are not enough to make the success of the First China National Productions, Ltd. "absolutely assured," because while those officers and Board of Directors may know all there is to be known about the technical aspects of picture production and marketing, they are not the actors and acctresses whose art and histrionic ability must be better than anything yet known in China before a finished picture can be called "equal, if not superior, to the films released" by foreign producers. The promoters owe it to the public whose money they seek to state how they expect to produce the very highest class artists in one year or even in a few years.

Unless they can give satisfactory answers to all the questions raised, it must be inferred that they are making promises whose fulfillment so far from being "absolutely assured," is quite highly problematical.

The basic problems of the motion picture industry in China are the development of competent artists and the improvement of technical direction. The latter may or may not be speedily accomplished by the wholesale importation of technical skill from Hollywood, but the former is a matter of time, regardless of resources. Actors and actresses are not finished overnight. High-class directors, versatile scenario writers, and all sorts of experts and technicians associated with the craft—these may be imported, but Chinese actors and actresses must be produced here, and that takes time.

A Little More "Conservative"

It is for this reason that even the more conservative sounding United Theatres project seems a bit too optimistic. This company proposes to spend $2,300,000 to acquire control of "40 of the leading motion picture theatres" in China. It must be known to the promoters of this company that most of these 40 "leading" theatres are losing money, are in debt and own absolutely no realty. How are they to be converted into profitable enterprises?

According to the prospectus this is to be accomplished by reducing overhead expenses, distributing "good Chinese pictures," and establishing "purchasing offices" abroad.

Since reducing overhead alone will not be sufficient, principal consideration must be given to the prospects of "good Chinese pictures" and importations of foreign films. All existing Chinese film theatres are exhibiting the best of everything that is released. Yet most of them are losing money. Is it not because there are not enough "good" pictures in circulation! Good pictures require good artists and competent direction, and there are too few of both in China. Even American pictures produce unsatisfactory results here not only because of the language barrier, but also because so many of them are not good enough.

Admittedly there is a great future in China for the picture industry, but there is a danger of putting this future further away by overcapitalizing an industry at present that cannot have its natural defects removed by money alone. The moneyed class who can afford to wait might tie up their capital now for substantial profits in a more distant future, but the small investors cannot afford to wait, and since the hope of early profits is held out to them, it may not be impertinent to request that the promoters of the two companies answer the questions raised in this letter, so that the public may have the information that will enable them to act with a better appreciation of the prospects.

M. K.

Shanghai July 25, 1932.

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Shanghai "Talkie" Companies Now State Incorporation Correctly

The United Theatres, Inc., which has been formed by a group of Shanghai and Hongkong capitalists to exploit the talking picture field, which in previous announcements concealed the method of its incorporation, has in more recent advertisements disclosed the fact that it is incorporated under the laws of the state of Delaware. Similarly the First China Nationals Productions, Ltd., announces that it is incorporated in Nevada. U. S. A. It was pointed out in an editorial in *The Review* last week that the original announcements were unsatisfactory in this respect. The first named corporation announces that all the shares have been fully subscribed and can now be purchased only through members of the Shanghai Stock Exchange or the Hongkong Stock Exchange." Each of the two corporations warns the public not to confuse it with any other similar enterprise.

Dumping of Japanese Raw Silk on the China Market

BY PAUL K. WHANG (汪仲芳)

PARADOXICALLY a country, which has been known to the world for several thousand years as a country of silk and which is now holding a huge quantity of silk stocks (about 20,000 piculs of White Steam Filature silk alone, not mentioning the silks of Szechuen, Shantung and Canton), is now reported as buying foreign raw silk for domestic consumption. That is what actually is happening in China today. For the past few weeks, a striking rumor has been circulated that large quantities of Japanese raw silk are being dumped on the China market, and that on account of the cheap prices in comparison with China silks, Chinese weavers have been using them in the manufacture of silk fabrics. This news has caused great alarm to Chinese silkmen who are reported to have held many meetings to discuss the situation and formulate plans for meeting the problem. But owing to the complete secrecy observed by the sellers and buyers of Japanese raw silk, it is difficult to secure any reliable information as to the quantity imported, the quality, and the prices, except the vague information that they are considerably cheaper than China silks of the same grade.

In my endeavor to secure some exact information on this subject, I have incidentally got into touch with a silk broker in Hangchow who habitually comes to Shanghai to buy raw silk for the weavers in inland cities. In our discussion on the dumping of Japanese raw silk on Shanghai, he admitted without hesitation that he had bought from a local Japanese firm five bales of Japanese raw silk at Tls. 400 per bale for trial use, but to his great disappointment, he found that the goods were too old to give a good winding quality and therefore they were not adaptable to the use of Chinese weavers. From another source, I have been told that a local Japanese firm in collaboration with the Japanese government has been attempting to sell off part of the silk stock in the latter's stock in the China market, and that if the first shipment which consisted of several hundred bales proved salable, successive shipments will be dispatched here in future.

Japanese Government Stock Is Poor

In this connection, it may be recalled that about a month ago the Japanese government, with a view to disposing of its large silk holdings in order to raise money for financing the Manchurian and Shanghai military adventures, entered into a contract with E. Gerli and Company of New York which agreed to purchase the stocks for a lump sum of G.$16,320,000. The prospect of releasing this large quantity of raw silk on the New York market further depressed the silk trade. This drew stiff objection from Japanese silk interests, hence the Japanese government was compelled to repudiate its contract with the N. Y. silk firm. Now it has been reported that the Japanese government has agreed to purchase the surplus silk stocks from its own Department of Agriculture for G.$14,600,000, the payment to be made not in currency but in government bonds. It is further reported that much of the government's silk holdings are of inferior quality, because the Japanese silkmen have taken advantage of the opportunity to unload low quality silk on the government at fancy prices. It goes without saying that the Japanese government can not be expected to hold huge quantities of silk for any length of time especially at a time when it is at its wit's end to raise the financial means with which to pay the costly military campaigns in Manchuria. Thus it has decided to unload, so that about 48 million yen can be realized, if calculated according to the present rate of exchange between yen and gold dollars. To dump them on the N. Y. market will only further depress the silk market, and therefore will be strongly opposed by the Japanese silk interests. Moreover, in view of the poor quality of silks now in the government's hold, it is exceedingly doubtful whether the American buyers can use them even though they are sold at a very cheap price. On the other hand, to dispose of silks of such poor quality will prove detrimental to the prestige of Japanese silk in the American market. With this in view, the Japanese government has attempted to dump its holdings on the Far Eastern markets, where price means more than quality to the silk consumers. Hence the present complications and the fact that some of this surplus Japanese silk is finding its way into the China market.

While the Japanese government may not harbor any evil designs in dumping its silk stocks on the China market, that this policy will exert a pernicious influence upon the China silk market can not be gainsaid. At a time when the local silk market has already been in a depressed state, the influx of cheap foreign goods will inevitably force down the price of native products. It is true that anti-Japanese feeling is still running high among the Chinese populace, but it must be admitted that in the dictionary of business men, possibly there is no such a word as "boycott," and that their business interests have aptly driven them to forget the welfare of their own country. Thus right after the signing of the Shanghai armistice, when the vestiges of destruction in Chapei and other war-torn areas had not yet been removed, the Japanese have prepared themselves for the revival of business, and the Japanese government has led the way by dumping its silk stocks on the China market to raise money from the Chinese business men in order to finance the wars against the Chinese in Manchuria. This policy can be carried out with some success, if the quality of silks thus dumped is not so poor as totally to unfit them for use by Chinese weavers.

How Japanese Cocoons Hurt China Silk Reputation

In passing, it must be noted that the Japanese silkmen have long entertained the wide ambition of monopolizing the world's silk markets. They have already won an indisputable supremacy in silk-producing and silk-exporting, but they are not yet satisfied with their position, so long as China's competition in the silk trade constitutes a thorn in their side. Their ambition to strangulate China's silk industry has led them to the extensive cultivation of agriculture in the Island Empire, thereby resulting in over-production. During the last few years of business depression over all the world, Japanese silkmen have been especially hard hit, and the government has been compelled to buy silks every year as a means of stabilizing the market. But in their distress, they have not forgot their plan of strangulating China's silk industry. In 1930, they dumped on the China market cheap Japanese cocoons with a view to accentuating the distress of Chinese cocoon merchants. Japanese propagandists capitalized the situation and spread the worldwide rumor that China silks were manufactured from Japanese cocoons. As a result, much damage was done to the prestige of China silks, and French buyers in Lyons even warned the Chinese silkmen that they would boycott China silk manufactured from Japanese cocoons. The Japanese have also established filatures in Tsingtao and Soochow and cocoon-buying stations in Soochow and Hangchow to make a start in building up a silk industry in China. Now when Chinese silkmen are in a critical state and depend upon the limited domestic market as an outlet for their products, the Japanese offer cheap silks to undersell our silkmen. Therefore if we scrutinize the situation carefully, the present Japanese dumping policy can not be said not to be bound up with evil designs. On the one hand, they try to raise money from the Chinese to consummate the Manchurian campaign; and on the other hand, they intend to accentuate the distress of Chinese silkmen by depriving them off an outlet for their products so as to spell the early end of China's silk industry. Thus by throwing one stone, two birds will be killed.

The Importance of the Domestic Market

The importance of the domestic market to China's silk industry has often been belittled by Chinese silkmen themselves, because silks manufactured by the filatures are largely for exportation, and only silks of inferior grade are demanded for domestic consumption. However, with the decline in the price of raw silk, the native weavers who formerly used much of the imported rayon in their silk fabrics can afford now to use the cheap raw silk. Thus during the past few months, while silk exportation has been nearly nil, thousand of bales of raw silk have passed from the silkmen to the operators of silk mills. It is always my conviction that we can develop a vast domestic market for our raw silk, if our silkmen give a little more attention to its potentiality. The situation is still made more favorable, when the price of real silk is not so high in comparison with artificial silk as before.

Now in face of the invasion of the cheap but poor Japanese silks, the Chinese silkmen naturally can not view the situation with equanimity. True, the situation has not yet assumed a serious aspect, but to discourage further importation of Japanese silks, effective measures must be applied at the very beginning. According to a report from a private source which is yet to be confirmed, two million dollars worth of Japanese silks have already been imported to be sold to the silk mills in Chekiang province, and this report has caused a great uneasiness among the Chekiang silkmen, who, as reported in the vernacular press, have

(*Continued on page 318*)

China's New Weapon Against Japan

BY DEMAREE BESS

(Chief Far Eastern Correspondent of the Christian Science Monitor,)

(in Current History for July, 1932)

DURING the seven months following the Japanese occupation of Mukden last September, there were sharp differences of opinion among Chinese leaders as to the policy best suited to obstruct Japan's "positive measures." One group, which obtained the enthusiastic support of students, contended that China must declare war upon Japan without delay, even if the outcome of such a war were certain defeat. Another group, which included General Chiang Kai-shek, the dominant force in the Nanking Government, and Marshal Chang Hsiao-liang, ousted ruler of Manchuria, argued that if China declared war on Japan she would commit national suicide. This group supported a policy of "non-resistance." They proposed to let Japan hold Manchuria until China could make her economic and military organization strong enough to fight Japan on something like equal terms. A declaration of this policy was published by Marshal Chang in October and was adopted by the government at Nanking in spite of the vigorous opposition of student and other groups, which resulted in numerous acts of violence against government leaders.

This policy actually was applied until the end of January. The Japanese were permitted rapidly to consolidate their position in Manchuria, while provincial militarists were instructed to placate the Japanese in every possible way, so that they would have no pretext for further aggression in China proper. At Japan's request, several Chinese newspapers in Peiping, Tientsin, Tsingtao, Shanghai and Canton which printed inflammatory articles were suppressed. The Nanking Government even attempted to break up the boycott movement, but without notable success, for it was no longer under control. A number of student demonstrations against Japan were suppressed by force. Marshal Chang Hsueh-liang acceded to Japanese demands that he remove anti-Japanese slogans posted on palace walls in Peiping and that he withdraw his troops from the vicinity of the foreign concessions in Tientsin. General Chiang Kai-shek even instructed the Mayor of Greater Shanghai to accept Japanese demands for the withdrawal of the Nineteenth Route Army from Shanghai, and withdrawal had actually started when the Japanese naval commander precipitately made his move on January 28.

The End of "Non-Resistance"

When Chinese police resisted the entry of Japanese sailors into Chapei, the Chinese industrial section of Shanghai, on the night of January 28, they brought to a close the period of "non-resistance." The Nineteenth Route Army, which had already begun to withdraw, hastily constructing defense positions in the vicinity of Shanghai, ignored the orders of the Nanking Government to avoid a clash with the Japanese. They held their positions against a fierce Japanese naval attack without reinforcements from other Chinese armies until February 17. That day General Chiang Kai-shek's own army, the Eighty-eighth and Eighty-ninth Divisions, arrived in the Shanghai area, and took up defense positions north of the International Settlement. Circumstances had compelled General Chiang to abandon the policy of non-resistance, and his troops bore the brunt of the Japanese attack from February 20 to March 3.

It was manifestly impossible to revert to the policy of non-resistance. The defense of the Chinese armies at Shanghai had aroused the enthusiasm of Chinese at home and abroad, and changed the soldiers' own opinion of their powers. It had also altered the view held by some Japanese military extremists that intervention in China would be easy and inexpensive. Chinese extremists again clamored for a declaration of war upon Japan. But government leaders, though they still firmly believed that such a step would be suicidal, had now to frame a policy that would placate the extremists.

A policy was accordingly worked out by government leaders, and put into concerte form at the National Emergency Conference held at Loyang in April. This conference was intended to be representative of all China. Leaders of all factions within the Kuomintang and non-party leaders were invited to attend, but internal differences caused most opposition leaders to decline. The conference was in consequence composed almost entirely of the followers of General Chiang Kai-shek and Wang Ching-wei, who was now sharing with General Chiang the responsibility for the Central Government. At its final session on April 13 a manifesto was issued putting on record for the first time the new policy of the Chinese Government in regard to Japan and declaring that "it is the considered opinion of this conference that while China is not in a position now to wage war against Japan, acceptance of an ignominious peace will nevertheless bring about her extinction. There is therefore no other way of coping with the present crisis than to mobilize the resources and man-power of the entire nation in carrying on a prolonged resistance."

The phrase "prolonged resistance" caught the imagination of the country. The destruction at Shanghai had sobered extremists. They realized that a declaration of war might inflict similar damage in other populous Chinese cities, lying undefended along the coast and rivers. Bitter opposition continued against the internal policies of the government, including that of a Kuomintang dictatorship, but the policy of "prolonged resistance" silenced all critics. The Chinese, once they have settled on a foreign policy, consistently carry it out. This has been true of the campaign for recovery of tariff autonomy, abolition of extraterritoriality and recovery of concessions. It promises to be equally true of this policy of "prolonged resistance."

The Broad Principles of "Prolonged" Resistance

The National Emergency Conference laid down broad principles to prepare for "prolonged resistance" as follows: (1) "A consistent and considered foreign policy, one of the cardinal principles of which is to ally ourselves actively with those powers which uphold right and justice and treat China on a basis of equality"; (2) radical military reform, designed to remove the danger of further civil strife and military feuds, separating national from provincial armies; (3) modification of the Kuomintang political monopoly through establishment of an Assembly of People's Representatives and removal of restrictions on freedom of speech and press and unfettered formation of associations (not political parties); (4) promotion of productive enterprises to correct the collapse of agriculture and dislocation of various industries which have resulted in the prevalent poverty and starvation, bringing in their wake communism and banditry.

To those familiar with Kuomintang manifestoes this program contains nothing novel. Almost the same words were used by some of the same leaders in setting forth the campaign for recovery of all "sovereign rights" in 1928. Since voicing these same aspirations after nominal unification of China in that year the government has faced a series of civil wars, all attempts at military reform have failed, the Kuomintang has strengthened its political monopoly, and little money has remained over from civil wars to promote any kind of productive enterprise. Critics of the government can hardly be blamed if they view such general statements with skepticism. Many Chinese believe that even in the face of Japanese aggression a civil war is possible in 1932.

"Underground" Military Campaign

Since the end of the Sino-Japanese conflict at Shanghai on March 3, however, practical measures have been taken which indicate that the policy of "prolonged resistance" is something more than a gesture, and may mean that the Chinese have evolved a new type of warfare, admirably adapted to such a disorganized country as China is. In the first place, the Chinese have proceeded with their plans for two new capitals, at Loyang in Honan Province and at Sian-fu in Shensi Province. Nanking is no longer officially the capital, although it is used at present as a political centre. If the Japanese attack Nanking, the government can remove at a day's notice to Loyang, where the archives are now kept. If the Japanese should attack Loyang, which can be reached by railway and could easily be bombed by using the Yangtse River as a base, the government is prepared to remove to Sian-fu, which has been made the sub-capital. Sian-fu cannot be reached by railway, and extensive air raids upon that remote city are hardly feasible.

At the same time General Chiang Kai-shek and Marshal Chang Hsueh-liang, still the most influential military leaders in China and still close allies, have prepared and partly put into effect an underground military campaign against Japan. Last January the Chinese op-

position in Manchuria had almost died down. General Ma Chan-shan, the hero of the Nonni River battle, had accepted a post as Minister of War in the new Manchukuo Government. Sporadic attacks upon the Japanese received little encouragement from government leaders in China. The Shanghai conflict, which resulted in the policy of "prolonged resistance," has entirely altered the situation in Manchuria.

Foreign military observers have been assured that Chinese Government leaders are now directing and financing the underground campaign in Manchuria. They are supplying money and munitions to "volunteer armies" whose efforts are becoming daily more closely coordinated. General Ma Chan-shan slipped away from his Japanese associates, taking with him 500,000 yen and an ample supply of munitions, and reorganized his old army in North Manchuria. He explained that he had joined the Japanese as a "trick" to "learn their secrets," but few Chinese accept this assertion at its face value. They believe General Ma joined the Japanese because Marshal Chang Hsiao-liang had decided not to resist in Manchuria, and that he deserted his new associates when Marshal Chang changed his policy. Last November Marshal Chang was preparing to visit Europe, but since the Shanghai conflict, and the resulting change of Chinese policy, he has apparently altered his plans. Foreign military observers are confident that the old Manchurian general staff, assembled at Peiping since last September, is now directing the underground campaign against the Japanese and their Chinese associates in Manchuria.

If the Chinese believed that they could drive the Japanese out of Manchuria in a short time they would probably wage open war on Japan, but they have apparently become convinced that a policy of "prolonged resistance" can be successfully applied in Manchuria as well as in China proper. The Chinese have been told that Japan's financial position is critical. They realize the drain on Japan of continued guerrilla warfare in Manchuria, through both military expenditures and economic losses from her investments there. Chinese soldiers and brigands in Manchuria apparently are willing to fight so long as they receive a little money and comparatively small amounts of munitions. The military commanders in China proper are in a position to supply these modest demands indefinitely.

The Campaign in the Yangtse Valley

The military measures based on the policy of "prolonged resistance" have been elaborated in the Yangtse Valley by General Chiang Kai-shek. It is setimated that since the beginninng of March 116,000 Chinese soldiers have been assembled in the area bounded by Shanghai, Nanking and Hangchow. This army has no intention of attacking the Japanese at Shanghai or elsewhere. Foreign military observers who have inspected the entire area declare that the Chinese have constructed an effective series of defense works and that, even if the Japanese should send 100,000 men against the army of defense, they could hardly drive it out. This is the nearest thing to a national army that modern China has possessed. Units have come from eight different provinces and speak six different dialects. The cost of maintenance is remarkably small. If the soldiers get food and a comfortable place to sleep they are satisfied. The villages and towns in which they are quartered provide most of their food as payment for protection from bandits. This army of defense against possible Japanese attack, moreover, serves as a check for the National Government against a renewal of civil war.

The policy of "prolonged resistance" is economic as well as military. The Shanghai conflict has not broken the boycott of Japanese goods. Trade figures show that, if anything, it has been intensified since the beginning of March. Before January 28 the boycott was half-hearted and was maintained only by the efforts of paid agitators, who illegally attacked and arrested merchants. In recent months it has more nearly approached a popular movement than any that preceded it. The boycott and other anti-Japanese movements are directed by the Association of Anti-Japanese Societies, with headquarters in Shanghai and branches in all parts of China. Missionaries living along the Tibetan border report that societies have been formed in towns which can be reached only after a month's travel from Shanghai.

The association was formed even before the Japanese took Mukden last September, as a result of anti-Chinese riots in Korea, and assumed serious proportions after the occupation of Manchuria. Before that it succeeded in making life so difficult for Japanese residents in Shanghai that some of them were literally driven insane. Up to January 28 the Chinese Government made serious attempts to curb anti-Japanese movements, but since the Shanghai conflict the movement, although not officially encouraged, is not hindered. Members of anti-Japanese societies pledge themselves not to buy Japanese goods, not to sell anything to Japanese, not to have social relations with Japanese and to do everything possible to make life uncomfortable and burdensome for them. The vows which members are required to take are so binding that few care to violate them.

The next few months or years will answer the question whether the Chinese have not discovered in the policy of "prolonged resistance" a new type of warfare better adapted to their purposes than an open declaration of war. Like war, it has its military and economic phases, but does not involve a break in diplomatic relations. The Chinese are proficient in the use of its indirect methods, just as they have been in their campaigns against "imperialistic aggression." Attempts during the past five years to reduce China's unwieldy armies have met with little success. Now the Nanking-Loyang Government, through application of its anti-Japanese policy, has been able to reorganize its forces in such a way that they form a bulwark against internal as well as Japanese attacks. Funds are more easily obtainable for resistance against Japan, while a factional attack upon the Central Government becomes less likely to win popular support.

The underground military campaign probably adds nothing to China's military expenditures. The past four years have demonstrated that in any case the armies cannot be disbanded. Probably less money and munitions for the Chinese forces in Manchuria are required than for the continual campaign against bandits in Manchuria which the old régime conducted and less money than was paid by the Central Government for the purely nominal allegiance of the old Manchurian régime.

The new underground military campaign, on the contary, has proved and will continue to prove extremely costly to China. The boycott is a two edged weapon, and it is doubtful whether past boycotts have not hurt China more than the various countries against which they have been directed. But China, being a thoroughly disorganized State, may be able better to bear the cost of the anti-Japanese movement than highly organized Japan. Trade with China is vital to Japan, and it has almost disappeared. Manchurian revenues have been a major source of income to Japan in the past and were expected soon to prove still greater. If the Chinese can continue their harassing warfare in Manchuria it is possible that they can reduce those revenues to well below those obtained up to last September. Millions of Chinese living in Manchuria will, of course, be affected, but they are accustomed to living on the edge of starvation.

How will the Japanese meet the policy of "prolonged resistance," admittedly a type of warfare for which there is no exact precedent? They have contended that the boycott is a form of warfare which entitles them to use their military forces as they see fit, without the formality of declaring war. But other signatories of international treaties have not agreed with this interpretation. The Chinese have now made their position clear; they will not declare war on Japan, but they will conduct underground warfare as a part of the policy of "prolonged resistance." If it is as successful as the Chinese expect it to be the Japanese will have to find a means of combating this new warfare or admit that the Chinese have discovered a weapon against which they are powerless.

Shanghai, May, 1932.

DUMPING OF JAPANESE RAW SILK ON THE CHINA MARKET

(*Continued from page 316*)

solicited the assistance of the Kiangsu silkmen to put a stop to the dealing in the Japanese silks. In view of the precarious condition of our silk industry, the operators of Chinese silk mills must be made to see the necessity of boycotting the Japanese silks. It is not for political reasons but for the preservation of our own silk industry that our mill-operators are duty-bound to refuse the use of imported silks. If an effective boycott can not be secured to discourage the importation of Japanese silks, the silkmen will have no alternative but to apply to the Tariff Commission of the Ministry of Finance to have the import duties on raw silk increased by such an amount that they can no longer attract the Chinese prospective buyers by their cheapness compared with native products.

Shanghai, July 25, 1932.

Honan Magistrates Are Opium Smokers

(From the Review's Correspondent)

Kaifeng—According to an inspection made by the Civil Ministry of the province, some days ago, seven magistrates were found to be opium smokers. Two of them have already handed in their resignations to Li Ching-tsai, Civil Commissioner, confessing that they smoke opium "a little for curing certain diseases," and ask to be relieved of their positions. It is rumored in the city that all the magistrates throughout the whole province, about 103 in number, are going to resign, as they regard the inspection as rather a shameful act, they having been stripped during the inspection.

More than 30,000 mow of poppy has been planted in Luyi Hsien region, East Honan. Some days ago, the magistrate of the same hsien, accompanied by a detachment of the Paoan army, went out personally to collect poppy-plant taxes. The farmers became extremely angry, as many of them were badly beaten or arrested immediately for failing to pay the money. Then hundreds and thousands of the farmers gathered together to set fire to the magistrate's yamen and the situation there became tense.

General Liu Resumes Office

General Liu Chih, chairman of the province, has resumed the duties of his office as the two weeks' leave, given him by the Central Government for his mother's funeral, have come to an end. General Liu will soon leave for the south to direct the government troops personally to suppress the Communists. In accordance with one of the decisions of the Kuling Conference, the road building committee of South Honan should be organized in order to facilitate the communications on bandit suppression affairs. The Kaifeng Pacification Headquarters have telegraphed the Ministry of War to allot materials for building 200 li of light railways.

General Liu Chen-hua, pacification commissioner for the Honan-Shensi-Shansi border, arrived here from the south on July 20. Interviewed, General Liu said that he came here to offer sacrifices before the coffin of General Liu Chih's mother, and incidentally to report to Chairman Liu on bandit suppression affairs.

Chang Fei-jan, reconstruction commissioner of the province, recently telegraphed his resignation to Wang Ching-wei, head of the Executive Yuan, but Mr. Wang asked him to remain in his position, as the country is at present passing through difficult times. Interviewed, Mr. Chang said that he would soon telegraph his resignation again to Mr. Wang, as it was very hard for him to carry on his reconstruction plans, on account of the financial difficulties.

The 13th brigade of the North Eastern army, under General Yao Tung-fan, stationed at Changteh in extreme North Honan, has moved back towards Neichiu, South Hopei, in order to suppress the remnants of the so-called rebel General Liu Kuei-tang, on order of General Men Chih-chung. This General was recently appointed bandit suppression commander of Southern Hopei by Marshal Chang Hsueh-liang.

Famine Conditions in the Province

During recent days, reports of flood, hail, locust, and cholera menaces have been received here from all parts of the province. On July 3, it hailed heavily in Anyang, North Honan. The autumn crops of more than 90 villages were completely destroyed; several thousand houses were ruined; and 300 head of cattle were killed. On July 13 the same sorrow occurred at Wuan, on the Honan-Shansi-Hopei border. All hope was given up for a harvest of the cotton and the autumn crops. Generally speaking, there has been enough rain, along the Ping-han line from the north to the south; while in some parts of the extreme east to the extreme west of the province, the farmers are still suffering from drought. On July 17 three cases of cholera occurred at Chengchow in Central Honan; and one case, at Kueiteh in Eastern Honan.

The Northern Honanese recently appealed to the provincial famine relief association to develop the Waterfall of the Black Dragon Pool, about 1,500 feet high, situated at the foot of the Tai Hang Mountains, in order to irrigate the neighboring lands. During the Ming Dynasty, about 400 years ago, it had been available, but was ruined, due to lack of government care. According to a survey, made in 1928 by Chen Pan-ling, head of the irrigation bureau of the province, the waterfall, after development, can irrigate at least 40,000 mow of land.

"The Seaboard Route to the North"

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Starting at Peping, the ex-capital of China, called the most interesting city in Asia, with its intricate systems of walls, its Imperial palaces and its beautiful temples and tombs the Peping-Liaoning Line goes down to Tientsin, the great port of Chihli, and from there swings in a wide circle on its pathway to the north. From Lanchow to Chinchow the railway follows the line of the Gulf of Chihli, passing through Shanhaikwan, where the Great Wall ends at the sea, and thence on to Mukden, the ancestral home of the Manchus, a city which vies with Peping in its splendor of palaces and temples and ancient shrines.

Through tickets are issued and passenger's baggage registered through between the important stations on the Peping-Liaoning Railway and the South Manchuria, Chosen (Korean) and Imperial Japanese Government Railways. At Peiping connections can be made with the Peping-Hankow Railway and with the Peping-Suiyuan Railway and at Tientsin connections can be made with the Tientsin-Pukow Railway, for Tsinanfu, Nanking and Shanghai.

For information as to rates, schedules, accommodations, etc. apply to any Tourist Bureau, or communicate directly with the Superintendent of Transportation.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

61-355

Is "Manchuria" China?

BY HARRY PAXTON HOWARD

IT is worth while at a time like this, when China's three eastern provinces are the scene of chaos and civil war brought about by the occupation of the railways and adjoining territories by foreign troops, to see the appearance of a book which deals with the history of this territory with calmness and objectivity, and a careful attention to the salient facts of its development.

Particularly is this necessary today when the term "Manchuria," in existence but a few short centuries, is used again and again as if in some strange way China's northeastern provinces were an altogether different country, inhabited by a different people, from the rest of China. We find this term of great use to dishonest propagandists who claim, as one notorious writer does in a book on Manchuria, that down to recent times Manchuria was not only not a part of China, but hostile to it. It is because of shameless falsehoods of this kind that the appearance of an honest and scholarly work on the history of the territory where such a tremendous crisis is now being worked out is very timely, and of real importance.

The book in question, Li Chi's "Manchuria in History" (Peking Union Bookstore, 7th Postal District, Peiping), deals with this territory starting even before the dawn of history. Dr. Li is well qualified to speak of this, being one of the outstanding archaeologists of China today, and an anthropologist whose work on the formation of the Chinese people was one of the first serious studies of the kind, with modern methods, to be made by a Chinese scholar. His own explorations at various prehistoric sites in the north enable him to speak with rare authority on China before history.

Before History

As for this, the evidence is what might be assumed from the later historic records. The Neolithic peoples of Honan and Fengtien show the same physical characteristics (judged from careful examination of their skeletal remains), and a kindred culture even extending down to the types of pottery of the two areas. And it is striking that the evidence brought by Anderson and Black on this point is corroborated by Japanese scholars, Dr. Hamada finding pre-historic Fengtien sites to be predominantly Chinese culturally and racially, and Prof. Kiyomo considering it most probable that these Fengtien men were among the actual ancestors of the recent Chinese.

Dr. Li refers to the early proto-historic accounts, from the Yin or Shang Dynasty, indicating that Manchurian territory (then known as Sushen) was inhabited by people kin to the Chinese of the Yellow River valley. He further refers to the "origin myth" common to Manchuria, to Korea, and to the founders of the Shang Dynasty, the first Chinese dynasty whose existence is supported both by written records and by archaeological evidence. It appears that later, at the time of the Chou invasion (as it is now generally recognized to have been), a prince of the Shangs fled across the Yalu and founded there (now northern Korea) the state of Ch'aosien.

Early Chinese Administration

More definitely historic are the records of the fourth century B. C. (after a lapse of seven centuries), which show the Chinese kingdom of Yen in what is now known as northern Hopei and western Fengtien, and preparing to invade the neighboring state of Ch'aosien, which extended as far west as the Liaotung peninsula. It was at this period that Liaotung was conquered and annexed, putting North Hopei and most of Fengtien under a common administration, while Ch'aosien became a vassal state of Yen.

With the establishment of the Ch'in empire, unifying all China under a single rule, this whole Yen territory, together with northern Korea (Ch'aosien), came into the imperial provincial system, three provinces being established, Yo Peiping (now Jehol), Liaohsi (now east Chihli and west Fengtien), and Liaotung (central and eastern Fengtien), with Ch'aosien under Liaotung's "extra-provincial jurisdiction." The Great Wall of China built at that time (north of the present wall) had its eastern terminus at Liaotung.

The same provincial system continued during the Han Dynasty which succeeded the Ch'in, though Ch'aosien became independent for a time, a Chinese king establishing himself there until the Emperor Wu reconquered this territory and in 109 B. C. annexed it. For centuries, during the period of power of the Han Dynasty, this system continued. The population, it seems clear, was predominantly Chinese, speaking a Chinese dialect common to north Hopei, Jehol, Fengtien, and Ch'aosien, though there were other peoples, such as the Sui tribes in South Manchuria and northeastern Korea.

Kirin and Korea

There was an alteration in the provincial boundaries after the further extension of the Chinese Empire under the Emperor Wu, it now including most of Kirin, the present Russian territory around Vladivostok, and Korea to beyond the Kaima mountain range. Here, however, though there was the Chinese provincial system and the old division into *hsien*, there were non-Chinese tribes over whom there was rather supervision than administration, and which, while influenced by the superior Chinese culture, remained essentially distinct from the Chinese.

The barbarian invasions from the north, which struck imperial Rome and imperial China at much the same time, produced no great immediate change in the northeastern provinces of China. The first northern conqueror, Muyung Kwei, was a quite Chinafied Sienpi chief who seizing the Liaotung extended his state to the north and northeast, taking in the northern tribes of Heilungkiang. He utilized the services of Chinese in administration, and obtained official appointments from the imperial government at Nanking. After extending further east, into North China, the Sienpi were overthrown by other tribes.

The Northern Invasions

The reunification of China under the Sui Dynasty was followed by its further extension and consolidation under the Tangs. Though the Sui emperors controlled western Fengtien, they were unable to dislodge the Kaokouli tribes from possession of the Liaotung. The Tangs, however, occupied this territory, together with Korea, and Kirin and territory further north and east, and established Chinese administration, the first capital of the district (known as the Antung Protectorate), being at Pingyang.* Later a greater measure of autonomy was granted, and the capital moved to Liaotung (south of Mukden). At this period the dominion extended as far as the tribes of northern Heilungkiang, Kirin, and the territory east of the Ussuri river.

When the new barbarian invasions came, Fengtien suffered the same fate as the rest of North China of which it was a part. The nomad Khitans, expanding east, west, and then southward, in the tenth century founded the Liao state, taking in a territory stretching from the Ordos to the Ussuri, and from south of Peking to the Sungari. The Khitans had previously been a vassal state of the Tangs, had intermarried with the Chinese imperial house, learned Chinese methods of administration, and employed the services of Chinese, later adopting Chinese institutions in general, a characteristic indeed which marked the other invaders from the north in course of time,—the Nuchens (founders of the Chin Dynasty) and the mighty Mongols.

Mings and Manchus

Even under alien rule, the population of the Liao Valley and the Liaotung peninsula remained predominantly Chinese, and there was migration from further inland and from the Shantung peninsula so close at hand. When the Ming Emperors again unified China under a native dynasty, South Manchuria (including Fengtien, and part of Kirin and Jehol) was governed under the same provincial administration with Shantung. For a time, under Yunglo, the Empire reached not only to Heilungkiang but as far as the mouth of the Amur, this far northeastern territory being known as Nurgan, though

*The scene of the massacre of Chinese by Koreans last year.

as the Ming Empire weakened imperial supervision became less and an increasing number of tribes became merely tributary or quite independent.

There were disputes among these tribes from time to time, and one of them, the Nuches of Chienchou in southern Kirin near the Korean border, came under the leadership of Nurhachi, who had served in the bodyguard of the Chinese garrison commander in the area, had (according to tradition) learned military tactics from old Chinese novels, and who after revenge on a hostile tribe gradually brought together under Nuchen control the various tribes of the northeast. This was the beginning of the Manchu power, which later, owing to division among the Chinese themselves, took Peking and established their rule over China, taking over bodily the Chinese administrative methods, and in the course of time becoming so Chinafied as to utterly lose their native Manchu speech.

At the time of the conquest the expression "Manchuria" or "Manchou" for this northeastern territory was unknown. The son of Nurhachi, the founder of the Ch'ing Dynasty, altered however the old Chinese term "Chienchou" to "Manchou," meaning, in Tibetan, "Oriental brightness." From this time dates the reference to Manchuria as a separate area, the Manchu rulers referring to it as their birthplace and for a time limiting migration, the Chinese being forbidden to settle beyond Mukden, while Mongols and Koreans were checked at the Manchurian borders. Fengtien, however, with its considerable Chinese population, was divided into separate administrative districts, and in 1791 western Kirin was opened to settlement, and later North Manchuria. Chinese migration steadily increased, mostly from Shantung, and in 1907 the three main administrative units, Fengtien, Kirin, and Heilungkiang, were formed, these "Three Eastern Provinces" being governed in the same way as other Chinese territory.

"Manchuria" a Part of China

Dr. Li tells his story very interestingly, though he brings it to a close with the beginning of the present century. Some will disagree with him about the nature of the Manchu conquest, which he regards as merely "a dynastic change" such as has "happened so frequently in China in the past," and which "both politically and culturally....represented only a continuation of the Ming." There can be little dispute, however, with his main conclusions, that "events in Manchuria are but reflections of the happenings in China Proper," and the periods of Chinese control and of nomad invasions are phases of Chinese history in general. Dr. Li concludes:

"The Liao River valley was settled by the Chinese from oldest times. Subsequent migratory movements have brought various alien peoples into contact, and often conflict, with these settlements, but in spite of successive barbarian dominations, Chinese influence remained predominant. Different tribes came and went—to China Proper, to Korea, or back to their original homes. The residue of their horde left over invariably became thoroughly Chinese. The latter alone have been the constant factor that has given this region civilization, political institutions, and a settled population throughout all ages.

"From the point of view of history, it is also a mistake to regard Manchuria as a single unit. The province of Heilungkiang, though it came under the cultural and political influence of China in the Han and Tang times, was only amalgamated into the beginning of the Ming Dynasty. On the other hand, South Manchuria, especially the valley of the Liao River and the Liaotung peninsula, had been since the earliest times a part of China not different from Shantung or Chihli."

Japanese Army Maneuvers Planned for November

Special military maneuvers on an unprecedented scale are planned to take place in the middle of November next. By command of the Japanese Emperor, Prince Kan-in, in his capacity of the Chief of General-Staff, has announced the plans for the maneuvers, which will take place in the Kyoto-Osaka district. Divisions which will participate are the 4th Division (Osaka), the 14th Division (Kyoto), the 3rd Division (Nagoya); and the 9th Division (Kanazawa) of Shanghai "fame." The four divisions will be divided into two contending Armies and the commanders of both armies will be appointed from among the generals of the high military councillors.

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On the Battle Front in Manchuria.

(From the Review's Correspondent)

July 16, 1932.

IN spite of the violent drive launched by the Japanese in North Manchuria, their troops in the operations against the Chinese attained but partial and insignificant success. The final object of the Japanese command in their fighting the Chinese is to annihilate the Old Self Defence Manchurian Army, to kill or make prisoners the Chinese leaders, and above all General Ma-Chan-shan, leader of the Heilungkiang troops. About a couple of weeks ago it was reported from Japanese sources that the Chinese troops had been utterly defeated at all points along the vast battle front and that only one detachment of 1,000 soldiers, commanded by Gen. Ma in person, remained the only force at the disposal of the general, all the other units being broken up and scattered about the country. During the last two weeks Gen. Honjo, Commander-in-chief of the Japanese Kwantung Army stayed at Harbin, himself directing the operation of the Japanese expeditionary forces in Manchuria. With his arrival in Harbin more cavalry troops were brought to that city and then put into action at several places of the battle front, while the number of airplanes at the Harbin airdrome was brought up to about 100; but all this was of little avail. Soon after the reports about the complete defeat of the Chinese Army, all the traffic on the Sungari river suddenly was stopped, and at the beginning of this week information reaching Harbin from places on along the river stated that Chinese forces numbering 15,000 soldiers operated there, attacking Japanese garrisons in centers near the river. Large Japanese reinforcements were sent urgently from Harbin and other places to that section of the country. After a week's fighting there the Chinese troops are reported to have been forced to withdraw to other localities. Simultaneously with the activities of the Chinese troops around the Sungari, several detachments of Chinese troops, after amalgamating into one group numbering 5,000, made an attack on the town of Hengtaohotse on the eastern line of the C. E. R., occupied it, and held it under their control for about a week, repulsing several attacks of the enemies, when at last they were forced by combined forces of Japanese and New Kirin Chinese troops to evacuate the town. The reports state that more than 1,000 shells fell within the town, destroying many houses and also causing a fire. On the day the Japanese occupied Hengtaohotse a strong detachment of the Old Kirin troops appeared in their rear, and another serious battle ensued, the result of which has not yet been reported. While the major part of the Japanese Expeditionary Forces was engaged by the Chinese on the Sungari and the eastern line front, 10,000 Old Heilungkiang troops under General Sui Tsu-ho attacked a Japanese force at the town of Lahachen (Laha), 100 kilometers to the North-east of Tsitsihar. The battle was very bloody and lasted for 10 hours. The casualties are reported heavy on both sides. Captain Tooia, commander of the Japanese troops at Laha was killed in the battle. As the town was surrounded by the Chinese troops on all sides the telegraph and telephone lines were torn down. When the communication was interrupted the Japanese authorities at Tsitsihar knew that there was something wrong with the garrison at Laha, and strong reinforcements by motor vehicles were sent, with the result that the Chinese were beaten off.

As far as can be seen from the reports, the fighting in Manchuria is not nearing an end. The Japanese gradually increase the number of their troops in North Manchuria; it is supposed that there are 80,000 Japanese soldiers in this country. Assisted in their fighting by the New Manchurian Chinese Army they greatly outnumber the Old Self Defence Chinese Army. But the initiative is almost all the time with the Chinese. Operating in small detachments they at times unite in large bodies and start offensive activities in one or the other part of the battle front—attacking suddenly Japanese garrisons, and forcing thereby the Japanese command to despatch urgently reinforcements to rescue the besieged garrisons. By their sudden offensive actions the Chinese compel the Japanese troops to toss about the vast country, which is very wearying and very expensive, too; usually the Japaese troops must be carried by motor vehicles.

French Capitalists Look to Manchuria for Investments

Mr. Massenet, a well-known French financier, who after a long stay in different large cities in Japan recently stayed for two weeks in Harbin later left for Changchun in order to have personal interviews with prominent Manchurian economists there and with the Manchurian higher authorities at Changchun. While at Harbin Mr. Massenet accompanied by N. D. Buyanovsky, manager of the Franco-Asiatic Bank, visited several times Shi-Lui-ben, Commissioner for Foreign Affairs of Manchukuo to Harbin, and Mr Suhihara, Deputy Commissioner. In the course of interviews with them Mr. Massenet said that French capitalists are much interested in what the conditions in Manchuria will be in the nearest future, and in whether they will be such as to allow considerable investments of French capital for developing the commerce and industry of the country. He said that he is planning to organize several French financial corporations in Manchuria.

Navigation on the Sungari

Due to the recent war activities that resulted from Chinese attacks on Japanese troops at towns along the river the freight and passenger traffic on the Sungari was interrupted for about 10 days, but has again been reopened. Prior to the interruption during the month of June the navigation on the Sungari was almost quite normal, and about five million poods of beans and grain were brought by boats from different harbors on the river to Harbin to be shipped further by rail. Order on the eastern line of the C.E.R. has not yet been restored. Numerous gangs of robbers attack and hold up trains, capture passengers and railway employees and break the railway, the telephone, and the telegraph lines. As a result the greater part of Manchurian cereals is for the present exported by the Southern line of the C. E. R., and by the Japanese South Manchurian Railway, and through the port of Dairen. Some insignificant lots of exports are being forwarded by the western line of the C.E.R. to Europe. According to telegraphic advices from London the price for Manchurian beans has gone up on the London Grain Exchange, and Japanesse as well European exporters have been buying big lots, daily transactions in beans amounting to 500 car-loads.

Short Life Predicted for Saito Cabinet

Reuter's correspondent at Tokyo in a recent dispatch expressed the view that the Saito Cabinet is in an exceedingly precarious condition. *Reuter* says the Premier is faced with great difficulties in maintaining a proper balance in the Cabinet, for he has to consider not merely the feelings of jealous factions in a single party but the fundamental differences of opinion in two parties which, though temporarily in coalition under the guise of a national government, are, in reality, as bitterly hostile to, and jealous of, one another as ever they were when in open opposition. Instead, therefore, of being able to devote his whole attention to the vitally important and immensely difficult task of guiding the country safely through the serious financial, economic, social, and diplomatic crisis with which it is now faced, Viscount Saito is compelled to consider every step he takes from the angle of keeping his unruly team in hand. This has been all evident from the very outset of his assumption of the premiership; for, even while engaged in the task of organizing his Cabinet, inter-party quarrels threatened for a time to prevent his accomplishing this feat.

Only by means of somewhat unsatisfactory compromises did he finally achieve his object, but hardly a week has passed since then without some squabble or other arising between the two big parties on which the government is based, squabbles which have required the most careful handling, and further compromises in order to smooth them out and prevent the precipitation of a Cabinet crisis.

Taking everything into consideration, *Reuter* feels that the future is by no means reassuring. If the government continues to be hampered by party squabbles as at present, the outcry for a new government that will really get things done is likely to arise before very long. On the other hand; if Viscount Saito decides to "go ahead" irrespective of the quarrels and prejudices of the parties on whom he depends for support, the Cabinet is bound to fall. The result will be the same in either case. A new government will have to be formed, but, as a purely party Cabinet is now out of the question, and as a coalition, like the present one, has been found unworkable, what alternative remains?

Japan's China Trade Heavily Declines

The Japanese Ministry of Finance July 17 issued the trade returns for Japanese trade in China for the first half of the year and these show considerable reductions.

Export trade to Manchuria and Mongolia totalled just over six and a half million yen, which was about the same as last year. To North China it showed an increase, from twenty-six million yen in the first half of 1931 to thirty-six million for the first half of this year. In the Yangtsze Valley, however, trade fell off badly, exports being just over Yen 20 million as compared with Yen 52 millions last year. In South China the Japanese export trade nearly disappeared, it totalling only Yen 94,000 compared with two and a half million yen in the same period last year.

Exports to Kwangtung increased considerably but to Hongkong they decreased from Yen 20 million last year to Yen six million this year.

The total drop in exports for the first half of this year compared with last amounted to Yen 20,000,000.

Imports from China showed a decrease of Yen 33 million. Manchuria and Mongolia remained the same. From North China they decreased ten millions, from the Yangtsze Valley twenty millions, from South China two millions. Kwangtung remained about the same and Hongkong increased a little.

Colonial Trade Balance Worsens

Figures just issued show that in the first half of this year Japan's colonies had an excess of imports over exports amounting to Yen 34,286,986, showing an increase of Yen 2,349,174 as compared with the corresponding period of 1931. These figures do not include the Kwangtung leased territory. This territory showed a favorable balance of Yen 84,531,000, an increase of Yen 27,214,000 compared with the first half of 1931.

According to the Ministry of Overseas affairs the increase in the unfavorable balance of trade for the colonies was due to depreciated exchange rates following the reimposition of the gold embargo.

Exports of Japanese cotton cloth during the first half of this year totalled Yen 107,788,000, an increase of over five million yen compared with the first half of last year.

The report concerning this trade states that exports to Shanghai, Hankow, Egypt and other points of Africa declined during the period January to June this year but this was more than offset by increased exportation to British India, the Netherlands East Indies and the Straits Settlements.

Spinners Concerned

But Japanese spinners have been much concerned over reports that the Government of India may increase the import tariff rates on cotton goods from Japan. The rate now is a little over 30 per cent but this, it is believed, may be increased to 50 per cent, while the tariff on Japanese artificial silk may be raised from 50 per cent to 100 per cent. Advices arriving here from private sources in India indicate that these increases are practically certain and may be put into effect before September.

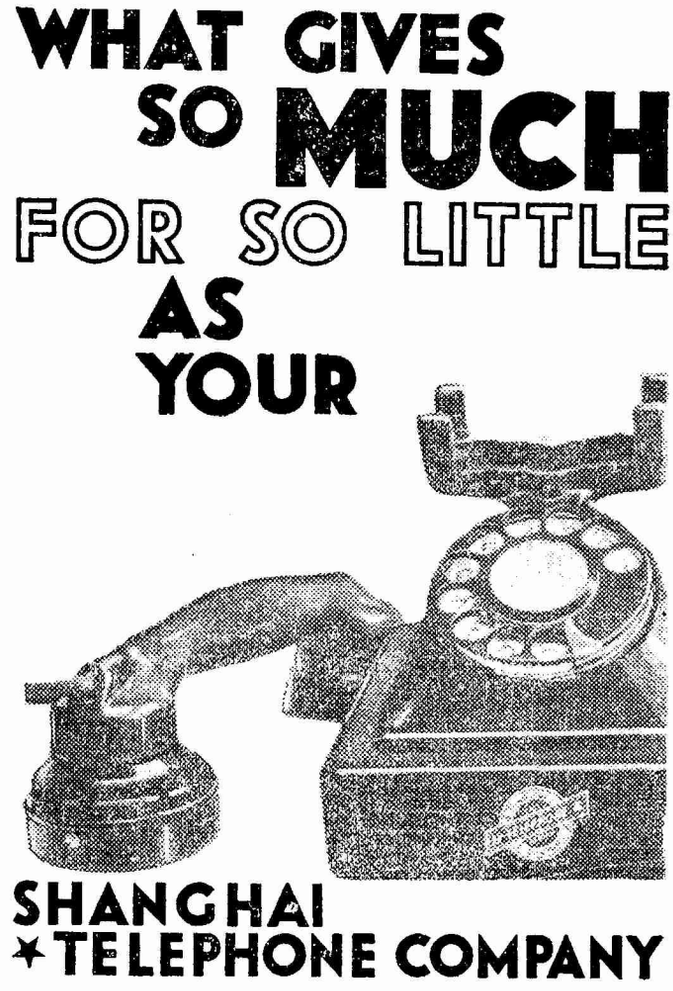
Indian mill owners are petitioning the government to impose such tariffs because, with her depreciated currency, Japan can flood the Indian market with goods at prices with which the Indian producer cannot compete.

The Japanese domestic spinning industry is badly hit by the general depression and Japan is concentrating on exports. British India has been consuming one-third of Japan's total cotton cloth products and thus the effects of a substantial tariff increase will readily be seen.

League of Nations Hears China Report on Education

The Cooperative Intellectual Committee of the League of Nations now sitting at Geneva heard the results July 21 of the mission recently sent to China at the request of the Nanking Government with a view to aiding China to perfect her educational system and facilitating intellectual exchanges between Chinese centers and abroad.

The committee heard Carl Becker, professor of the University of Berlin, former Prussian minister of public instruction, Professor Langevin of the College of France, and M. Sardi, representative of the International Institute of Educational Cinematography, which took part in the League Mission.



61-359

Minister of Justice Explains the Noulens Case

The following is the text of a Memorandum submitted to Wang Ching-wei, President of the Executive Yuan, by Lo Wen-kan, Minister of Justice, with reference to the trial of the Noulens Case.

The defendants, Noulens and his Wife, having been charged with offences against the security of the Republic, were arrested on June 15, 1931, at their residences respectively on Nanking Road and Szechuen Road, Shanghai, and were sent to the Second Branch of the High Court of Kiangsu for trial. Subsequently the Headquarters of the Garrison Commander of Shanghai and Woosung applied officially to the Court by letter for the handing over of the said defendants to the military authorities for trial, on the ground that they were suspected not only of being involved in the case of Hsiang Chung-fah, a leader of red bandits, who had lately been executed, but also of subsidizing red bandits in their rebellious war against the National army. The said Branch Court, after an inquiry being duly made in accordance with the provision of the first part of paragraph 2 of Article 6 of the Agreement relating to the Chinese Courts in the International Settlement at Shanghai, handed down a ruling to the effect that the case should be transferred to the Headquarters of the Garrison Commander. Against such a ruling the defendants shortly afterwards made an appeal, which was, however, overruled by the Supreme Court In December of the same year, the Ministry of Military Administration, after having gone into the case, decided that, as the place where the offense was alleged to have been committed was not within the sphere where the martial law prevailed, the military authorities, according to the provision of Article 7 of Regulations relating to Summary Trial of Offenses against the Safety of the Republic, had no jurisdiction over the case. The Ministry of Military Administration, therefore, transferred the defendants to the Nanking District Court, and then requested this Ministry officially by letter to assign the case to such a court as is competent to try it. This Ministry, being of opinion that, since the said defendants had already been kept in custody in the Detention House of the Nanking District Court, the question of venue might, according to the provision of Article 13 of the Code of Criminal Procedure, be determined by the place where the defendants actually were, assigned the case to the Procuratorate of the High Court of Kiangsu for investigation. This is an account of the case of Noulens up to the time when I assumed the post of Minister of Justice in January of the present year.

In March of this year a telegram was sent to this Ministry from the Chief Procurator of the High Court of Kiangsu, requesting this Ministry to have the case tried in some other place than Soochow, for the reason that his Procuratorate was situated near the war zone of Shanghai and Woosung and that accidents of war could not be foreseen or prevented. Under these critical exigencies, this Ministry, therefore, ordered the Chief Procuratorate attached to the Supreme Court to deal with the case according to Article 100 of the Regulations relating to the Organization of the Judiciary. As a result of the investigation made by the procurator appointed for the purpose, it was found that there was evidence to show that the defendants were guilty of having committed an offense against the safety of the Republic, and the case was referred back to the Procurator of the High Court of Kiangsu. In April of the current year, the High Court of Kiangsu informed this ministry by cable that, as the Sino-Japanese armed conflict was still in progress and as Soochow is very near Shanghai, it would involve a great deal of inconvenience to have the Noulens, who were in the Detention House of the Nanking District Court, sent to Soochow under guards: therefore permission was asked for to have the presiding and other judges in charge of the case come to Nanking to hear it in the court room of the Nanking District Court. This Ministry, seeing the practicability of the proposal, gave its consent accordingly.

In May, telegrams came one after another to this Ministry from different persons, inquiring whether foreign lawyers by the names of Fischer and Vincent might be granted the privilege to appear in court and plead as counsel for the defendants. Later on, telegrams were sent to this Ministry soliciting that permission be given to Fischer, advocate for the Noulens, to come to the Capital to defend the case for them, or that the case be handed back to the court at Shanghai for trial. The Ministry replied that, since the requests made by the said Fischer and others were unwarranted by law, such requests could not be complied with. Nevertheless, the Noulens and his lawyers, Fischer and Vincent, persisted in submitting to the Ministry one petition after another, making the same requests, which were, of course, refused.

Now a telegram came from an important personage stating that, as the Noulens had gone on a hunger-strike in demand for representation by their foreign lawyers, it seemed to him that special permission should be given to them, or the case be handed back to the court at Shanghai for trial. The Ministry again replied that, since the protest by starvation was merely a means of coercion, the Ministry and the Court could not in consequence thereof give way in violation of the law of the State. This is a summary account of how the case of Noulens who were accused of the offense against the safety of the Republic has been handled, so far as the Ministry of Justice is concerned.

There are two important points in regard to the petitions made, directly or indirectly, by the defendants Noulens themselves or their lawyers; namely, a special permission to grant foreign lawyers to appear in the ordinary Chinese courts and the change of venue of this case to the Second Branch of the High Court of Kiangsu. But, according to law, a petition for the change of venue must be made to the proper court concerned. Whether it will be granted is a matter to be decided by the court, which cannot be interfered with by the administrative authorites of justice. The repeated petitions made to this Ministry show that those who profess to participate in the defense of the case are ignorant of our law.

In regard to the question of admittance of foreign lawyers to appear as counsel in Chinese courts, it may be pointed out that the right to practise as a lawyer is granted, as a rule, to citizens of the Republic of China. It is so provided in Section 1 of Article 2 of the Regulations relating to lawyers. With the exception of those who have obtained special permission to appear in the various special courts, foreign lawyers are not allowed to practise in the ordinary courts; unless they are nationals of Non-extraterritorial Powers. This is provided in the Provisional Regulations Governing Lawyers of Non-Extraterritorial Powers.

As the lawyers engaged by the Noulens, Fischer and Vincent, one being an Italian, the other a Swiss, are both subjects of extraterritorial Powers, the petition for permission to appear in a Chinese court is clearly contrary to the existing law: therefore, it cannot be granted.

It may be argued that according to Article 166 of the Code of Criminal Procedure, though a person employed as an advocate must be a lawyer, yet a person not being a lawyer may be employed as an advocate. if permission has been obtained from the court concerned. Thus foreign lawyers who may not appear in court *qua* lawyers, may, in pursuance of the above argument, petition the court to grant them permission to appear as private individuals. But it is to be noted that the words "a person not being a lawyer" in the saving clause mean merely a person who does not practise law as a profession or who has not been qualified as a lawyer. The system of registration of lawyers would be undermined, if a person who in fact practises law as a profession and is not allowed to practise in a certain court were allowed to do so merely because he says he would do so not in the capacity of a lawyer, but in the capacity of an ordinary individual; it is naturally not permissible under this provision. It would be even the more contrary to the purpose of the said provision if a lawyer of an extraterritorial Power, who is barred from registration *ab initio*, were permitted act as an advocate under this clause.

It may also be argued that according to precedents prevailing in certain foreign countries, foreign lawyers may be employed with special permission to appear in cases of international political offenders in order that they may have a full opportunity to defend themselves, and China should not differ from them. Whether there are such precedents is not to be discussed here. Granted that there are some such precedents, they are matters of foreign law and not necessarily applicable to China. Whether China should adopt such a practice is purely a legislative question. So long as the existing laws remain unchanged, the judiciary is bound to follow them. Any deviation made by the judiciary would be a violation of the law.

Furthermore, a lawyer of non-extraterritorial Power, if he has been registered as such in conformity with the law, may be engaged as an advocate to appear in court. Not all foreign lawyers without discrimination are barred. The said defendants and their lawyers are wrong in insisting upon their unreasonable demands unwarranted by law, instead of following the proper legal procedure.

The claim of the said defendants that to engage only Chinese lawyers and no foreign lawyers to appear in court would be to deprive them of the right of adequate defence

is again a misunderstanding. Should the defendants have anything to state as to law or facts, they are not prevented from employing a foreign lawyer for the drafting of petitions and statements to be submitted to the court. Thus the privilege enjoyed by the defendants of having counsel to defend themselves is not impaired in any way on account of the fact that their foreign lawyers are not allowed to appear in court. Besides the employment of a Chinese lawyer would in fact lessen the chances of mistake through interpretation, as the conversation would be direct. Hence the defendants have no need to fear that they shall be denied the opportunity of fully representing their views on the law.

Therefore, the petitions of the defendants not only cannot be complied with on principle of law, but are also quite unnecessary in point of fact. Since their petitions have repeatedly been rejected by this Ministry, it is obviously absurd for them to make further requests.

It has been suggested that, in handling this case at a time when China and Soviet Russia are going to resume friendly relations, the law may be applied with leniency in order to show indulgent treatment of foreigners. As the case in *sub judice*, it is still not certain whether the Noulens are guilty or not. Even if they are found guilty, the President of the Judicial Yuan may, after the Judgment becomes final, ask the President of the National Government to grant a pardon or reduction of punishment in conformity with the law; provided the former considers such a step necessary in the light of the substance of the case and the international situation. In view of this last remedial measure as provided in Section 2 of Art. 35 of the Organic Law of the National Government, it seems, therefore, unnecessary to be over-anxious beforehand and to nullify the law for the sake of a single individual.

In short, as this case is now in the hands of the court, it must be handled in accordance with the law. Since it is one of the important cases involving a foreign element, it has attracted world attention. What would the world think of us if we were to deviate from the law on account of a hunger-strike self-imposed by the defendants as a means of coercion! As a Minister for the administration of justice, I know nothing but to abide by the law as it stands. As Your Excellency is so far-sighted and so deeply concerned with the national interests, I venture to think that you would not deem my statement as being of no importance. I have the honor to submit to Your Excellency all the facts of the case as well as my opinion in connection therewith.

Large Student Group Proceeds to U. S. A to Enter Colleges

A large group of Chinese young men and women, all college graduates except one, boarded the Dollar liner *President Hoover* at Shanghai July 22 enroute to the United States where they will enter various educational institutions.

The leader of the group is Dr. Y. Y. Tsu, of the Peking Union Medical College. Dr. Tsu is a graduate of two theological seminaries in America, with a Ph. D. degree from Columbia University. The following is a list of the students:

S. T. Chen, who holds a China Foundation Fellowship, is going to the University of Pennsylvania for further work in biology; Dr. and Mrs. H. M. Hsieh—Mrs. Hsieh goes to the University of Southern California for graduate work; Dr. Hsieh will do advanced work in physics at the California Institute of Technology; Hsu Pe-sun, is going to Teachers' College, Columbia, for graduate work in education; Robert W. T. Lee, the only under-graduate in the group, goes to Whittier College, California; Myron Ling goes to the University of Southern California for graduate work in business administration; Miss Ching-I Liu has a scholarship in the New York School of Social Research; Miss Hsi-chen Liu has a Barber Scholarship in the University of Michigan, where she expects to study biochemistry; S. Y. Ma goes to the University of Illinois to specialise in organic chemistry; Tsing-yuen Ni and Ting-kwang Pan, graduates of Nanking University, go to specialise in philosophy at the University of California; Ssu-tu Shin and Wu Tze-chun are natives of Canton, who finished their course at Yenching this year and are planning to do graduate work in the University of Wisconsin; John Weigh has a special scholarship at the University of Southern California where he expects to do graduate work in social science; George K. T. Wu has a scholarship for graduate study in social science at the University of Southern California. The Reverend F. K. Yeh goes to the Southern Methodist University, Austin, Texas.

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All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

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Settlement of the Canton-Hainan Imbroglio

(By The Review's Canton Correspondent)

A NEW political situation has been created in South-western China consequent on the defeat of the naval group in Hainan Island in southern Kwangtung under Admiral Chen Cheh and the latter's unconditional surrender to the Nineteenth Route Army commanders and General Tsai Ting-kai in Fukien. To the Canton Government and its military party under General Chen Chi-tang the sinking of Admiral Chen Cheh's destroyer *Feiying*, the largest destroyer in China's list of naval fleet, and the defeat of the marines in Hainan leading to their surrender to the Nineteenth Route Army is a personal triumph of the Commander-in-chief of the Kwangtung armies, General Chen Chi-tang, but to keen observers the result of the Hainan developments will lead to the organization of a very strong military combination in Fukien consisting of the best infantry regiments in the Chinese army to-day—the 19th Route Army —which recently proved its efficiency during the Sino-Japanese struggle in Shanghai, a few of the bigger cruisers still loyal to Admiral Chen Cheh, and some of General Chang Hui-chang's airplanes.

The Feiying Tragedy

To the supporters of peace in China the destruction of the destroyer *Feiying* which measured 259 feet with a total tonnage of 850, together with its armament consisting of two guns of 10 c.m., six three pounders and four Maxims with a value of $4,000,000 must be regarded as a great loss to the Chinese Navy. In this connection it is interesting to note that the *Feiying* saw service during the troubled years immediately after the Chinese revolution of 1912 and subsequently became one of Nanking's fleet. It was during recent years that this destroyer was transferred to Canton and has since served under Admiral Chen Cheh. With the sinking of the *Feiying* there are only three destroyers left in the Chinese fleet, the remaining destroyers being the *Yuchang*, *Hsiao* An and *Chien Kang*. The *Feiying* was dismantled and sunk subsequently when it was bombarded by General Chen Chi-tang's ten airplanes recently in the Hainan districts to the north of Hoihow. Some twenty marines and one officer on board were killed and several marines wounded.

Canton Navy Crippled

With the destruction of the destroyer *Feiying* Admiral Chen Cheh's military force suffered a great setback and for this reason and the strong denouncement of the possibility of a war between Hainan and Canton made by the prominent Hainan residents in Southern Kwangtung together with the public sentiment among the Hongkong Chinese leaders against this most unbecoming civil war, the naval group under the Admiral wisely consented to a resumption of peace negotiations with the Canton Military Party. The most important resolution reached during these negotiations is the agreement in which the Canton Government consents to the cruiser *Chungshan* and gunboats *Hai Shui* and *Fu An's* surrender to the Nineteenth Route Army in Fukien. All these bigger gunboats formerly served the Southern Kuomintang Government in Canton and will now concentrate with the few thousands of Admiral Chen Cheh's marines in Amoy and Foochow. Ostensibly these gunboats and some of Admiral Chen Cheh's airplanes will assist the Nineteenth Route fighters in the suppression of Communist bandits in Fukien, but observers are more inclined to believe that in time this strong combination of the best infantry contingents with the Canton gunboats will have a strong effect on the trend of Canton's political developments. The Canton Commander-in-chief may have realized the grave consequences of the Fukien situation, but in view of the fact that immediately after the sinking of the destroyer *Feiying* all of Admiral Chen Cheh's gunboats and the cruiser *Chungshan* had sailed away from Hainan heading for Fukien, a timely settlement of the entire dispute seemed to be the only possible means of ending this peculiar political situation in southern Kwangtung, because of the imminent threat of a Communist invasion of 100,000 bandits from Shiukwan and Namhung in northern Kwangtung which demanded the immediate withdrawal of all of the Government's loyal regiments and airplanes from Hainan. In addition, the Government has promised to pay the Navy $300,000 for their withdrawal expenses from Hainan.

Gen. Tsai Ting-kai's Role

General Tsai Ting-kai, who suggested the Navy's amalgamation with his Nineteenth Route Army, played the important role of peace mediator between Admiral Chen Cheh and the Canton Government and in this he was assisted by Messrs. Hu Han-min and Sun Fo, veteran Kuomintang politicians. It is rumored that Sun Fo has assisted the Navy financially, which explained his unusual visit to Hongkong and his many conferences with the Naval commanders and General Chang Hui-chang, despite the repeated Nanking invitation asking him to resume work in the Legislative Yuan. It is stated that Sun Fo may spend the summer here.

General Tsai Ting-kai has been accorded rousing welcomes and excellent entertainments in all his visits to the leading Chinese commercial and public institutions in Hongkong and Canton during the last few weeks—which shows that the Cantonese who helped the Nineteenth Route fighters financially and materially during the Shanghai fighting against the Japanese are enthusiastic over the prospect of the suppression in Fukien and Central China of the Communist bandits through the new enterprise of these Cantonese regiments. In all these official functions the Chinese leaders have been most outspoken in their urge for a stronger attitude to be taken by the Nanking Government in her foreign relations, in particular with Japan, while no effort was spared by these leading bankers and merchants in denouncing the militarists whose unscrupulous actions in the past for their self-aggrandisement have been responsible for the prolongation of internecine wars.

It has always been the tradition among the Hongkong Chinese merchants to assume a neutral attitude in Chinese politics and, despite many criticisms, the Chinese merchants in the British Colony have succeeded so far not to participate in movements of politics in the interior of China, but on the last occasion of the Sino-Japanese hostilities in the North it has been known that many Chinese contributed for the Nineteenth Route Army although much of the money sent to Shanghai was aimed for the relief of the wounded and distressed refugees. The Shanghai events have so aroused the Chinese determination to strengthen their national defenses by checking further civil strife that during the visit of General Tsai they seized the opportunity to voice their bitter opposition against organisers of civil war.

Shanghai Peace Mediators

The anti-war cries were enchanced this week with the arrival from Shanghai of Chu Ching-lan and other prominent Chinese leaders representing the Shanghai commercial institutions for Canton and Hongkong to mediate for an amicable settlement of the Canton-Hainan quarrel. Mr. Chu incidentally was a former Canton Civil Governor who is presently associated with the National Famine Relief Commission and other charitable bodies. The visit of the Shanghai commission is considered to be most timely now when the Canton Commander-in-Chief and Admiral Chen Cheh have both expressed their willingness to terminate the Hainan political dispute.

While the marines under the Admiral are withdrawing from Hainan for Fukien, alarming dispatches from northern Kwangtung have been received in Canton confirming the serious Communist disturbances in Namhung and near Shiukwan, the chief terminus of the Canton-Shiukwan Railway, where 200,000 Communist bandits from southern Kiangsi are marching towards Canton if their assaults on Namhung, Nankang and Sinfeng remain unchecked. General Chen Chi-tang has since left for the Shiukwan front to direct the resistance against the Communist march and it is estimated in official circles that the Government has thrown 5,000 men in southern Kiangsi to fight against the advancing Reds while another force consisting of at least 40,000 is strengthening the defence of the Canton-Shiukwan Railway to prevent the Communists penetrating into the more flourishing districts of this Province.

Canton, July 15, 1932.

Minor Political Parties in Japan Consolidate

The Kakushinto party, newly organized Japanese political group, was dissolved on July 25 at a general meeting of its members at Hibiya Park. Its members joined the National Policy Study Club under Kenzo Adachi. On July 24 the National Labor-Farmer Popular Party and the Social Democratic Party, two proletarian groups, were formally amalgamated at a joint general meeting, and the new group is now known as the "Social Popular Party." Leaders of both parties have decided to recommend Isoo Abe as chairman of the executive committee of the new party.

Decline of Soviet-American Trade

The American-Soviet Chamber of Commerce, reporting on the sharp decline of United States trade with the U.S.S.R., caused by unfavorable credit conditions, states that from the standpoint of U.S. national economy, especially in the light of the existing depression, a rupture of trade relations with the U.S.S.R. would entail very grave consequences. The Chamber points out that while the U.S.S.R. has steadily increased its purchases in other countries, American exports to that country fell from 130,000,000 dollars in 1930 to 51,000,000 dollars last year.

600,000,000 Tons of Iron Ore in Soviet Far East

At the plenary session of the Far Eastern Section of the U.S.S.R. Academy of Science held at Habarovsk last week, Professor Kozlov reported on the results of geological surveys since the Revolution. According to Professor Kozlov the deposits of iron ores in the Soviet Far East have been estimated at 600,000,000 tons, of which from 350 000,000 to 500,000,000 tons are located in the Hingan Mountains. Extensive iron strata have also been discovered in the northern part of the Small Hingan.

Coal deposits have been estimated at from 15 to 30 billion tons. Several strata have been located near the Bureia River and the coal has been proved highly suitable for coke production. *Tass* says this fact provides a firm foundation for the construction of the Hingan-Bureia metallurgical industry.

The present efforts of the Far Eastern Section of the Academy are largely devoted to research in the Hingan-Bureia regions.

A Doubtful Charge

(*Editor and Publisher, N. Y.*)

What are the facts in the case of A. T. Steele, correspondent of *New York Times* at Harbin, charged by the Japanese with having carried messages from the rebel leader General Ma Chan-shan to the League of Nations commission? Censorship obscures the picture, but there is some good evidence that Mr. Steele and a Swiss journalist named Lindt, also accused, were acting legitimately for their newspapers. General Ma has a story to tell the League Commission about conditions in Manchuria. The Japanese have taken care to see that he was not available to tell it. But the enterprising newspapermen got to him. It might easily be that to prevent the publication of the facts the Japanese trumped up a charge that the correspondents had violated their neutrality. The Earl of Lytton, chairman of the League commission, denies that he received any message from Ma through the newspapermen. The U. S. legation at Peiping takes no stock in the Japanese charge. Mr. Steele has not been heard from, owing to censorship and the fact that so as to escape arrest he took refuge in the U. S. consulate at Harbin. We do not doubt that these correspondents are fresh victims of a censorship which was set up to keep the people of the world from knowing the truth about burning evils in Manchuria.

Minister of Justice Inspects Courts in Shanghai

Dr. Lo Wen-kan, Minister of Justice and concurrently Minister of Foreign Affairs, visited all Chinese courts in Shanghai during the latter part of last week in preparation for the revision of the treaty made between China and other powers which transformed the former Shanghai Provisional Court into the present Special District Courts. China's agreement with the various powers which transformed the former Shanghai Provisional Court into the Special District Court was made on April 1, 1930. It is stipulated in this agreement that it is subject to revision before March 31, 1933, at which time the term of the agreement expires.

National Highway Construction in the Southern Provinces

The program for the construction of National Highways connecting the southern provinces of Hunan, Kiangsi, Kueichow, and Kwangsi has been completed by the Ministry of Communications. Building operations are planned to be concluded by July 1933. In accordance with the decision reached at the conference of the Provincial Commissioners of Civil Affairs of these provinces at Kuling last month, the respective Provincial Governments are to undertake construction of sections of the highways within their territory. Hunan will form the centre from which the roads will radiate.

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Men and Events

The death occurred in Shanghai July 22, 1932, at the age of 46 of Patrick Wong-Quincey.

The death occurred in Tokyo July 24 of Admiral Baron Sonojo Hotaka, following a fit of apoplexy at the age of 85.

The University of Shanghai will hold its twentieth annual commencement exercises Saturday, July 30, at 4.30 p.m.

The death occurred in Shanghai, following a sunstroke July 22 of Major R. L. Ritchie, medical head of the British Army forces here.

Four hundred delegates from Canada, Hawaii and the United States opened the first Buddhist convention to be held in America at San Francisco July 22.

Statistics compiled by the Municipal Bureau of Social Affairs indicate that the population of Nanking for June totalled 613,185, of whom 371,565 are males and 241,620 females.

The death occurred at the age of 79 at Versailles, France, July 5, of Mrs. Katharine Medill McCormick, mother of Colonel Robert R. McCormick, publisher of the *Chicago Tribune*.

Seven students of Waseda University and eight others attending the Tokyo School of Languages were examined in Tokyo July 28 by the authorities on a charge of communistic activities.

Government employees at Nanking are again reminded in a circular order issued during the week by the Executive Yuan that they should wear clothing made of native material and use native goods.

According to the Chinese press at Harbin, the first budget of the Manchukuo Government will show a deficit of $20,606,000 which it is proposed to cover by a loan from the Central Bank of Manchukuo.

The trial of the alleged communist Paul Noulens and his wife is expected to be resumed next week. The couple are now convalescing in hospital at Nanking from the effects of their recent hunger strike.

The marriage took place in Hongkong last week of Marseland S. L. Ma, son of Ma Ying-piu, managing director of the Sincere Co., and Miss Cissy To, daughter of Jackman To, manager of the Wing On Co.

The National Government has decided to transfer the Shanghai arsenal to Nanking and to amalgamate it with the arsenal there. The original intention was to transfer the Shanghai arsenal to some point in Chekiang.

Dr. Young, an advisor to the Commission of Enquiry to the League of Nations, who has been on a tour to Chientao and vinicity to gather information about the maltreated Koreans in that district, has returned to Peiping.

A recent *United Press* dispatch from Cleveland, Ohio, stated that the only racial group in that city which took care of its own unemployed and was not depending on receiving help from public charity were the Chinese.

According to information reaching the Manchukuo provincial officials in Tsitsihar end of last week a Swiss missionary and his Chinese servant had been kidnapped by mounted bandits at Kuanan, northwest of Tsitsihar.

Count Hayashi, D. Lit., a Member of the House of Peers, was appointed during the week to the Presidency of the South Manchuria Railway Company, in succession to Count Uchida, recently appointed to be Foreign Minister.

Quo Tai-chi, newly appointed Chinese Minister to London, arrived in Washington, D. C., July 25. He held a conference on Far Eastern matters with Col. Henry L. Stimson, Secretary of State, and sailed for England a few days later.

Major-General William Crozier, who retired from the United States Army in 1918 and who is at present on a visit to China, is seriously ill at the German Hospital in Peiping. General Crozier is 77 years of age and his condition is stated to be dangerous.

An explosion aboard the Chinese cruiser *Yin Zih* took place at Hongkong on the night of July 25. As a result, the vessel was sunk and seven sailors are reported to have been fatally injured. Much equipment was removed to the cruiser *Kiang Koo* before the vessel was sunk.

The California State Bureau of Commerce last week announced the establishment of an International Trade Bureau, designed to help Californians to market their products abroad and likewise to cooperate with foreign producers desirous of finding American markets.

A petition of the various Provincial Governments appealing for the transfer of control of the tobacco and wine licence taxes to the Provincial Governments has been rejected by the Executive Yuan. The taxes are at present under the jurisdiction of the Ministry of Finance.

By a ministerial order July 26 the Ministry of Communications appointed Chung Ao, Chief of the Telegraph Department, concurrently Acting Director of the Bureau of International Telegraphs vice Wang Chung-chih, who tendered his resignation a some time ago.

Chang Tao-fan and Wang Lu-i have been appointed respectively additional members of the Foreign Relations and Finance Committees of the Central Political Council, Hsia Chi-feng and Wei Yu have been appointed additional members of the Special Foreign Relations Committee.

Llewellyn G. Williams, a British subject, 32 years of age living at the Foreign "Y" in Shanghai died at the Paulun Hospital, July 23, following his being found in his room with a bullet wound in his right temple and a revolver lying by his side, the indications being that he had shot himself.

Apparently influenced by the persistent campaign of pottery merchants throughout the country against the imposition of the so-called production tax on pottery goods in Kiangsi by the local provincial authorities, the Ministry of Finance has now ordered the Kiangsi authorities to drop the new tax project.

Dr. H. H. Kung, who as a special envoy of the National Government, was to have sailed from Shanghai on the Dollar liner *President Madison* July 26 en route to the U.S.A. to make a world tour of industrial investigations, has postponed his departure owing to the increasing gravity of the Sino-Japanese situation.

As a result of the Japanese invasion of Shanghai, the population of the seven districts of the Greater Shanghai Municipality has decreased to 383,931 persons, according to latest statistics compiled by the Municipal Bureau of Public Safety. As many as 94,468 families have evacuated and 20,383 houses have been damaged.

Dr. F. D. Zau, a Chinese member of the medical staff of the Shanghai Foreign Municipality, has been granted nine months' leave for post-graduate studies at the Liverpool School of Tropical Medicine, under facilities extended to him by the China Medical Association. He is due to depart from Shanghai for England Sunday, July 31.

The Ministry of the Navy has decided to place the gunboat *Chungshan*, former flagship of Admiral Chen Chieh, former Commander of the Kwantung Naval Squadron, under the 1st Naval Squadron headed by Admiral Chen Chi-tang. The vessel, being in need of repairs, will go into dry dock at Shanghai before being recommissioned.

The death occurred recently in the United States of O. K. Davis, Secretary of the National Foreign Trade Council of New York. He was formerly a newspaper correspondent, having been stationed at Manila during the Spanish-American War, in China during the Boxer Rebellion, and with the First Japanese Army during the Russo-Japanese War.

Vice Admiral M. Sakonji, Commander-in-Chief of the Japanese Third Fleet, Captain Kikuno, Chief of Staff, Captain Matsuno, commander of the *Idzumo*, Captain Kitaoka, Japanese naval attache, and other prominent Japanese naval officers were guests at a dinner party held in their honor by Mayor Wu Teh-cheng at the latter's private residence in Shanghai, July 22.

The International Oil Conference at Paris reached an agreement July 26 regarding the export quotas necessary for increased prices, after secret sessions which lasted over nearly a month. An agreement was made possible by Roumania's acceptance of a reduced annual production quota. Meanwhile the Anglo-Dutch Shell-Oil and Vacuum Oil representatives have agreed to end their price war.

Lieut.-Colonel Nagatsu, a headquarters staff officer of the Japanese Kwantung Army, visited Lord Lytton at the German Hospital, in Peiping July 22 and inquired after the latter's health, on behalf of General Honjo. Lord Lytton who came back from Japan last week seriously ill has been discharged from the German hospital at Peiping and has in the meantime proceeded to Peitaiho.

The national conference of delegates of the Postal Workers' Union was held at the Y.M.C.A. in Nanking July 25 to 28. Discussions took place on improving the postal administration, bettering the conditions of postal employees, reorganization of the Postal Workers' Union and national resistance against foreign aggression.

Chicago Exposition Commissioner Visits Shanghai

Dr. Allen D. Albert, High Commissioner for the Century of Progress Exposition in Chicago, is visiting Japan and China for the purpose of extending official invitations to both countries to participate in the, one hundredth anniversary of the founding of Chicago, as portrayed by the Century of Progress Exposition in Chicago from June to November 1933.

Dr. Albert has been associated with the Dawes Brothers of Chicago since 1913. During recent years he has been chief assistant to Rufus Dawes who is President of the Exposition. Dr. Albert has spent upwards of a year in Europe, interesting European countries in this Exposition. He will now devote three months to his special mission in China and Japan.

A very favorable space in close proximity to the main entrance of the Exposition and to the Science Hall has been set aside for China. It comprises an area of about 30,000 square feet. Dr. Albert is particularly desirous that the Chinese exhibit portray the richness of Chinese civilization in art and literature, and the handicraft industries. He hopes the buildings which will occupy the site chosen for China, will be typical of Chinese architecture, not only in the structures themselves, but in the spaces surrounding these structures. He has expressed himself also as desirous that the Chinese exhibit furnish material indicative of modern progress in China, especially in the rebuilding of its cities. As he stated, nowhere else in the world, or probably at no other time in history, are so many cities being reconstructed as is experinced in this transition now in progress in China.

As Dr. Albert's specialty is the causes of city growth the study of which he has applied to a number of American cities and more particularly Chicago, he is naturally interested in the growth of cities in China.

Dr. Albert spent Friday July 22 here in Shangha conferring with the special Chinese Commissions who are working out the details of China's exhibit. He proceeded to Canton to spend a week there in working with that community, particularly the wood and ivory carvers and other handicraft workers in connection with their participation in the exhibit. He returns to Shanghai on August 4 and will spend a week here and in Nanking in furtherance of the object of his visit,and then proceed to Peiping.

As a past president of Rotary International, Dr. Albert is visiting all of the various Rotary Clubs in China during his present trip, and contends that the future of Rotary International depends more upon its developments in Asia than in any other section of the world.

In speaking of the financing of the Chicago Exposition, Dr. Albert commented on the fact that this is the first of these large world expositions that has been fully financed in advance of the opening of the Exposition, which is not receiving a cent from any governmental sources, either federal, state or municipal. Furthermore, its finances were assured before the present economic depression. Thus it is in the happy position of being able to carry on in spite of this depression.

Russian Woman Shoots Self in Assistant Commissioner's Room

A young Russian woman named Masliapova early Sunday morning, July 23, visited the apartment in the Hongkong and Shanghai Bank Building, the Bund, Shanghai, occupied by Captain E. R. Kennedy, assistant commissioner of police, grasped a 32 caliber pistol from a drawer, walked into the parlor and shot herself three times. The woman was taken in a dying condition to the General Hospital, where she died shortly afterwards. Giving evidence at the inquest Capt. Kennedy stated that he and deceased had had a quarrel.

Chief Accountant Sentenced to Two Years' Imprisonment

*The chief accountant of the Trust and Savings Depart*ment of the Continental Bank Ltd., Chang Kwong-ching, 32, was charged in the First District Court in Shanghai July 25 with misappropriation of $66,297 of the bank's funds and was sentenced to two years' imprisonment. An order was made that if any claim was to be instituted it would have to be brought against the former employee in the civil division of the court. The accountant made a complete confession to the court adding that he lost most of the money he drew during the period of hostilities here and asked for clemency.

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Who's Who in China

Paul H. Hsu, educational commissioner, City Government of Greater Shanghai; born at Soochow, Kiangsu in 1888; received his early education under private tutors; graduated from the Preparatory Department, Imperial Polytechnic College, Shanghai, 1909; graduated with honors from Williston Academy, 1919, Easthampton, Mass; S. B. Massachusetts Institute of Technology, Boston, 1914; took advanced courses in Chemistry and Chemical Engineering, M. I. T. 1914-16; appointed assistant in Chemistry, 1914-16 (being the first Chinese graduate who received such an honor in that institution); research chemist with the Larkin Co., Buffalo, 1916-18; chemical engineer with the Procter and Gamble Co., Ivorydale, Ohio, 1918-20; research chemist with Miner Laboratories, Chicago 1920-21; superintendent, International Soap and Drug Works, Shanghai, 1921-23; is considered the best soap and oil expert in China: professor and dean of the Middle School, Nanyang University (Chiaotung University), 1923-27; consulting chemist and chemical engineer; when the Revolutionary Army came north in 1927, he joined the political world; appointed secretary-general, Shanghai Branch of the Central Political Council, Feb.-May 1927; when the Branch Political Council was dissolved in May, 1927, he was appointed Chief of Division, the City Government of Greater Shanghai and concurrently, director of Native Products Museum and director of the Municipal Industrial Testing and Research Laboratory, 1927-28; promoted a counsellor, Mayor's office, 1928; senior counsellor, 1929-30; ordered to take charge of the Bureau of Education in October, 1930, a position which he still holds; president, Technology Club of China, 1929-30; president, Nanyang Alumni Association, 1930-; president, the Chinese Engineering Society, three times; director, the Chinese Institute of Engineers, 1931-33; president, the Shanghai Branch of the Chinese Institute of Engineers, 1931-; chairman of delegation of the Chinese Engineering Society to the World Power Conference and the World Engineering Congress at Tokyo, 1930; member of Resolution Committee, the World Engineering Congress, 1930; member of the National Congress of Commerce and Industries, 1930; member of the Civic Center Construction Commission, City Government of Greater Shanghai; chairman of commission for Building Houses for the Needy People, 1928-31, and chairman of Commission for Dividing the Municipal Areas into Self-Governing Districts, 1930-32, the City Government of Greater Shanghai; address: Bureau of Education, City Government, Greater Shanghai Municipality.

徐佩璜

Paul H. Hsu (Hsu Pei-huang)

徐佩璜字君陶，江蘇吳縣人，年四十四歲，一九〇九年畢業於上海工科專門學校預科，一九一〇年畢業於美國惠立司登學院，並獲有優獎，一九一四年得理科學士位於美國麻省理工大學，一九一四至一六年繼續研究化學及化學工程於該校並兼任該校化學助理員，一九一六至一八年，任勒金化學公司化學研究員，一九一八至二〇年，任潑拉克探及蓋勃爾化學工程師，一九二〇至二一年，任化學研究員於支加哥礦物製練所，是年返國後至一九二三年，任上海五洲大藥房工程監督，一九二三至二七年，任上海交通大學中學部主任及教授，一九二七年任化學顧問及化學工程師，是年國民革命軍北伐抵滬時，被任中央政治會議上海分會秘書長，（二月至五月）當該會於五月間解散後，被任爲上海市政府科長兼國產博物館館長，一九二八年任上海市政府顧問，一九二九年升任市政府高等顧問，一九三〇年十月被任爲上海市教育局局長，現任斯職，同時兼任中國工程學會會長，南洋大學同學會會長，中國工程學會會長，出席東京世界電力會議及世界工程會議中國工程學會總代表，一九三〇年被推舉爲世界工程會議議案委員會會員，全國工程委員會會員，上海市政府市中心區委員會會員，一九二八至三一年任上海市平民住所委員會主席等職，通訊處：上海市政府教育局。

President Hoover Signs Relief and Home Loan Bank Bills

President Hoover, during the latter part of last week, signed both the Unemployment Relief Bill and the Home Loan Bank bill, the latter including the provision authorizing an increase in currency from between nine hundred and a thousand million dollars. A *Reuter* telegram from Washington July 22 said that the effects of the currency expansion measure are expected to be negligible.

Bulk of World's Gold Held By U.S. and France

The stocks of gold held by various countries, according to a report just issued by the Federal Reserve Board, are as follows:

United States	3,952,000,000
France	3,200,000,000
England	669,000,000
Italy	298,000,000
Germany	196,000,000

Japan Appoints New Minister to China

Akira Ariyoshi, former Japanese Ambassador to Brazil, has been appointed Minister to China, in succession to Mr. Shigemitsu. The Chinese Government has agreed to the appointment of the new Minister, who is 56 years of age. He was Consul-General at Shanghai from 1909 to 1919 and later Minister to Switzerland.

Yosuke Matsuoka to Represent Japan at Geneva

Yosuke Matsuoka, an M P. from the Seiyukai Party, has been appointed as one of Japan's Chief-delegates to the Assembly of the League of Nations. Mr. Matsuoka left this week on a tour of Manchuria preparatory to proceeding to Europe. Mr. Matsuoka was in Shanghai at the time of the Sino-Japanese truce conference, as a private representative of Premier Inukai.

Other delegates, who are representing Japan at the forthcoming autumn session of the League Assembly are Ambassador Nagaoka (now in France) and Ambassador Sato (now in Belgium).

Canton-Hankow Line to Be Completed with British Boxer Funds

The Chinese Ministry of Railways is understood to be negotiating with the Board of Trustees in charge of the British Boxer Indemnity Refund for a loan of $875,000 for the completion of the Canton-Hankow Railway. For the last link of the Line between Shiuchow, in northern Kwangtung, and Chuchow, in central Hunan, a sum of $175,000 will be required for survey work, and $700,000 for paving of the roadbed and laying of tracks.

National Budget for Coming Year Being Prepared

Preparations are under way at Nanking for the compilation of the National Budget for the new fiscal year,—July 1, 1932 to June 30, 1933. Estimates of revenues and expenditures have already been compiled by the various Government organs and submitted to the Ministries of Auditing and Finance for examination. Pending the adoption of the new budget, expenditures of the various government organs will be temporarily fixed in accordance with the budget for the past fiscal year, which ended on June 30.

"Humanity"---An Inspiring Chinese Picture

A word of congratulation is due to the United Photoplay Service, producer of the picture "Humanity" shown during the week at the Strand Theater in Shanghai. It is a silent picture with musical accompaniments and is well-photographed. Unlike the conventional pictures produced by Chinese companies in previous years, depicting the usual love scenes or other cheap phases of life, this picture displays much original thought and imagination both in its conception and production and blazes a new trail which has not been previously exploited. It is the first realistic picture that has even been presented on the screen.

The picture vividly depicts two important phases of present day China: the hard rural life in the interior, made harder by famines or other natural or human calamities and the evil influences of modern city life. The hero of the story presented is a country lad going to a big city to seek college education and success with the hard-accumulated savings of his father and falling victim to city temptations. The youth fascinated by the campus flirt of the school he attended blotted from his memory the hard toils of his father and deserted his country spouse to marry a modern flippant. While he was at the height of his feigned happiness, an unprecedented famine befell on his home town and his parents successively died of hunger and grief, despite appeals to their son to come back to their rescue. The youth's country wife was a dutiful and filial daughter-in-law and sold her baby son in exchange for some rice to keep the youth's parents alive, but too late to save them. The concluding scene depicts the youth disappointedby the infidelity of his town wife and conscience stinted at the recollection of his famine-stricken parents, finally returned home only to to find his country wife dying in his arms.

Committee to Handle Abolition of Tael Project

The Ministry of Finance will shortly establish a special committee for conducting researches into the question of the abolition of the tael and adoption of the dollar as the national standard medium of exchange. The special committee will be entrusted with the task of detecting researches into questions of (1) the legal value, composition, and weight of the new dollar, (2) the fixation of a standard rate of exchange for the tael in terms of the new dollar, and (3) best means of assuring the general public as to the advantages that could be obtained with the abolition of the tael.

The Committee, it has been decided, will be composed of seven members, three of whom will be experts of foreign nationality. The four Chinese members have already been selected: They are Jian Chen, Deputy Governor General of the Central Bank of China, Tsuyee Pei, Manager of the Bank of China, Hu Pi-chiang, Manager of the China & South Seas Bank, and O. S. Lieu, Chairman of the Board of the China Development Bank.

Irish Free State Hits Back at England in Tariff War

The Irish Free State has enacted an Emergency Duties Bill which has been signed by James McNeill, the Governor General. This bill is the Irish reply to the 20 percent duties imposed by England on Irish goods which are is designed to recoup the £3,000,000 of the land annuities. It confers on Mr. de Valera and his ministers almost dictatorial power and control of industries and financial transactions in the Free State.

It will virtually close the entrance to the Irish market for a large quantity of British merchandise. Thus, a coal embargo is expected as well as prohibitive tariffs on all luxury articles, probably also on cement and construction material, automobiles, etc.

Mr. de Valera is also credited with the intention to impose a high stamp tax on all documents involved in Anglo-Irish transactions, which will affect the millions of English capital invested in Ireland.

Dollar Line Exclusion from Conference Being Investigated

Proceedings were initiated by the U. S. Shipping Board in Washington July 20 to determine whether "certain foreign carriers" have entered into a combination to exclude the Dollar Line from membership in the Japan-China-Straits-Bombay Shipping Conference. Parties to the proceedings are the Peninsular & Oriental, the N.Y.K., the O.S.K. and the Dollar lines.

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New Books of Interest in the Far East

An Ephemeral Novel by a Serious Author

Mr. and Mrs. Pennington, by Francis Brett Young. Harper and Bros. New York and London.

It takes Mr. Young nearly six hundred pages to tell the story of Mr. and Mrs. Pennington. It is an appalling waste of words—a short story about these ignorant, simple, and wholly unattractive people would have sufficed. One suspects that Mr. Young wrote on for 546 pages merely in order to be in the fashion set lately by his fellow novelists, Mr. Priestley and others. There is however nothing in this book to justify it.

There was a time when Mr. Young could be regarded as a serious novelist interested in his craft and anxious to produce workmanlike novels. But "Mr. and Mrs. Pennington" is very far removed from "The Tragic Bride" of Mr. Young's which delighted his audience. The present is far below that earlier book both in conception and execution.

In "Mr. and Mrs. Pennington," Mr. Young doesn't trouble to write English all the time. For instance there is a point where Mr. Young obviously wishes to say that Mrs. Pennington wasted her husband's money on unnecessary shopping trips but simple English is not enough for Mr. Young. He says, "They (the trips) involved, however, a certain invisible lapse of coin...." an atrocious sentence of which there are many dozens in this book.

The story is simple and often ridiculous. We have the little girl living with the awful aunt and the kindly uncle she is saved from the worst terrors of such a household by a hundred a year which her mother obligingly left when she died.

She falls in love with the typical young public school boy, so upright, so gentlemanly, so ignorant and so dull and with so little ability he can't keep a simple clerking job and loses it a month after he has married. After various sordid details are noted, there enters the well-known ogre, the man of sixty, business enemy of her uncle who, having had his proposal of marriage to this girl of 18 turned down, seeks to achieve his obvious desires by adopting her as his niece after the wedding to the so proper school boy. He is frustrated and smacked by the indignant girl who then turns round and commits casual adultery with a bright young Jewish broker, after a convenient miscarriage, and then tells her husband all about it. She adds of course that she really didn't mean to do it.

The husband is properly stunned, doesn't speak to his wife, stumbles out of the house and wildly chases off and sees the uncle and guardian of the wicked Jew (Mr. Young suffers from a definite anti-Semetic complex). The uncle has a conveniently weak heart and the violent interview as conveniently polishes him off. Because of the way the office is wrecked the young husband is arrested and charged with murder. Of course he gets off in the nick of time but the trial of course brings husband and wife together again and the book ends with them both going away to other less painful scenes where there is much ridiculous fuss as to whether they shall have a room with two beds or a double one, as if two people now so loving as these would have cared. The smallest single bed would have been big enough for them on this, Dick's first night out of jail.

In this book Mr. Young alternates between an engaging frankness and snickering prudery but of course prudery triumphs finally. There isn't a character one cares to remember and most of them are distinctly silly creations, particularly Capt. Small (perfectly named.) One can only imagine that Mr. Young has taken pity on the small servant girls who read novelettes and has produced specially for them a full length novel bound in stiff covers. We doubt, however, if they will ever manage to stagger through 546 pages of their usual diet.

F. S. O.

Sex Instruction by Former Missionary Physician

The Sex Factor in Marriage by Mrs. Helena Wright, M. B., B. S., with introductions by A. Herbert Gray, M. A., D. D., and Abel Gregg, A. B., M. A.: Vanguard Press, N. Y., also printed in England.

Dr. Helena Wright, author of this 120-page book resided in China from 1922 to 1927 when her husband served as Associate Professor of Gynaecology at the Shantung Christian University in Tsinan. Following her return to England, Dr. Wright made a study of contraception and now has charge of two sessions a week at the birth-control clinic in North Kensington, London. In addition she serves as gynaecologist at the new woman's hospital in the Borough of Shoreditch, London, this being the first hospital in London conducted under municipal auspices, in which contraceptive information is given, as an instrument of health in the gynaecological department.

In the front pages is a statement by Walter R. Eton, solicitor of the Treasury Department at Washington, in charge of the U. S. Customs Department at New York, certifying that the book is of useful nature and no objection was offered to its importation into the United States.

The book bears out its title, "The Sex Factor in Marriage," and might be likened to a hand-book of instruction on problems arising therefrom. It is interestingly written and contains diagrams and illustrations which serve to amplify the text. The book should serve the purpose for which it is intended—education in sex matters which are neglected in the schools and the facts of which are also neglected by parents in the education of their children. Its object is to produce happiness in marriage and reduce the grist of the divorce mill, both of greatest importance to human beings. On the jacket appears a quotation from the Archbishop of Canterbury, "I would rather have all the risks which come from free discussion of sex than the great risks we run by a conspiracy of silence."

P. B. J.

American Editor of Communist Paper Defies District Attorney

The *China Forum*, a Shanghai weekly journal edited avowedly in the interest of the Communist Party in China by Harold R. Isaacs, an American citizen, devotes the editorial columns in the current issue to a resume of a conversation with Dr. Sellett, the American District Attorney, who is alleged to have informed Mr. Isaacs that his paper was an abuse of extraterritoriality, and that he should therefore waive American protection. Complaints concerning the paper had been made to the American authorities by Mayor Wu Teh-chen of the Municipality of Greater Shanghai. Mr. Isaacs has adopted a defiant attitude and insists that he will continue to run his paper on the same lines as before, pending whatever action may be taken.

MOTHER OF TWELVE HEALTHY CHILDREN TELL HER SECRET

Mrs. M. L. Abrams, 600 Montreal St. Kingston, Canada, recently stated: "As I am the mother of twelve healthy children, ranging in age from seventeen years to one month, I believe I have every reason and feel it my duty, to state how I have been able bring up so large a family in good health. I state a plain fact when I say that I have always relied upon Baby' Own Tablets for each and all of my children. whenever they required a corrective for the many ills children are subject to. I would not be without Baby's Own Tablets, and always recommend them to other parents, becaues I know that in so doing I am protecting other little ones from serious illnesses, and also protecting the parents from the dread and worry which children's ailments cause."

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61-368

General Bruce Issues a Pro-Japanese Statement

Brigadier General C. D. Bruce, former Commissioner of Police in Shaghai, in a letter to the *London Times*, asks if the League Commission and the Japanese Government fail to find a way from the impasse apparently existing, what peaceful means of settling the Manchurian question remains? From the Japanese viewpoint, he says, it might appear simpler to take matters into her own hands, quit the League and turn her back on what she regards as the unsympathetic "West" and announce a "Monroe Doctrine" of the Far East. General Bruce asks if this crisis can be averted and thinks that if public opinion in Britain fully recognises the almost overwhelming difficulties Japan is now facing there may still be hope for a peaceful settlement. He suggests that a few months delay in publication of the League Commission's report would be of very minor importance compared with the irretrievable harm which may occur if Japan is publicly wrongly and arraigned as the chief instigator of the crisis.

Tibetans Occupy Town in Kokonor

According to an urgent Sining message, the Tibetans have occupied Lukoma, southern Kokonor (Chinghai), and are planning to attack the rear of the combined Szechuan-Sikong units under General Liu Wen-hui from Lilung. The Tibetans have recruited 10,000 civilians to form a militia corps, who will act as reserves for the invaders. General Ma Lin, Chairman of the Kokonor Provincial Government, in another telegram to the Central Government, urges that an aviation squadron be despatched to assist the Kokonor troops in resisting the invasion of the Tibetans.

Deficit of Yen 142,000,000 in Japanese National Revenue Last Year

The total revenue of the Japanese national treasury for the year ending May 31 amounted to Yen 1,328,000,000 while the annual expenditure totalled Yen 1,470,695,000, yielding a deficit of Yen. 142,695,000, according to a Finance Ministry announcement made in Tokyo July 23.

The monopoly profits, however, added to the revenue, showing a surplus of about Yen 20,000,000, as it yielded Yen 190,400,000 over the previous year.

Special Municipality to Be Established at Amoy

It is reported from Nanking that the National Government is considering the creation of a special municipality at Amoy to be under the direct jurisdiction of the Executive Yuan. At present there are six such "special municipalities": Nanking, Shanghai, Canton, Tientsin, Peiping and Tsingtao. Being under the control of the Executive Yuan, they are independent of the Provincial Governments within whose territory they are situated.

Tong Guest of Honor in New York

Hollington K. Tong, editor of the *China Press* and other newspapers in Shanghai and Tientsin, who is now in America, was a guest of honor at the luncheon of the Association of Foreign Press Correspondents at the Lawyers' Club, New York, June 17. Benjamin M. Anderson, Jr., economist of the Chase National Bank, spoke on "The Gold Position of the United States After Two Great Foreign Raids on Our Gold." Dr. A. M. Nawench, Polish newspaper representative, presided.

Smuggling Into Manchukuo Is Stopped

As the result of the new, stricter regulations adopted by the Government of the Kuantung Leased Territory on July 3, the frequent cases of smuggling goods into and out of Manchukuo have practically ceased, according to reports emanating from official Japanese quarters in Division. The establishment of many lookouts is stated to have had a favorable effect in reducing smuggling to a minimum.

Japan's Increasing Birthrate

Japan's birthrate continues to increase. Figures recently issued at Tokyo show that 2,102,006 births were registered last year as against 1,240,472 deaths, an increase of over 800,000 in the population. The birth rate in 1931 was 32.16 per thousand and the death rate 18.98 per thousand. The death rate shows a slight increase.

NOTICE

To Subscribers

(*Residing Overseas*)

Dating from August 1, 1932 the subscription rate for persons residing outside of China has been reduced from G.$10 a year to G.$8 a year, including postage.

The new rate applies to subscribers residing in the United States, Canada, Europe and Russia.

The new rate, estimated in the currency of the Federated Malay States is equivalent to s. s. $15. In India, Australia and other places using English currency the rate is equivalent to £2:8:0.

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61-369

HAS WILLIAM RANDOLPH HEARST SEEN THE LIGHT?

(*Continued from page 308*)

An Army of Japanese airplanes will be in the Philippines the first day the war is declared, and in the Hawaiian Islands the second day, and in the United States the third day.

Cities will crumble like paper under the impact of thousands of explosives from the air.

People will be slaughtered by thousands, possibly by millions, until the skies are filled with flame and smoke and the air polluted with the stench of dead and decaying humanity.

When are we going to prepare our resistance, after the war starts, and not only when, but where?

On the fourth day the Japanese airplanes could have swept across the whole United states, so that the middle of our country and the Eastern slope will only be a day behind the exposed Pacific Coast in destruction.

But the pacifists say: "We will not allow this to occur. We will pay to be free."

On the contrary, We will pay to be slaves.

We would have to pay the greatest indemnity that has ever been exacted from a nation, an indemnity alongside of which the indemnity paid by Germany to France would seem trivial and inconsiderable; an indemnity that would make the Japanese the richest and most powerful nation in the world and reduce us for many years to the helpless and hopeless tributary condition that Germany is now in.

These probabilities are not fantastic theories. They are based on facts.

They are based on what has occurred and what is occurring every day.

They are based on the attitudes and actions of nations. They are based on the well-known development of destructive forces in war.

But the pacifists will say: "What will happen to the Japanese airplanes when they have destroyed our cities and appropriated so much of our wealth and slaughtered so many of our people? They will go away and we will build up again."

But the Japanese *may* not go away. In fact, in all probability, they *will* not go away.

By the time their airplanes are through, their navy will have reached the Pacific Coast, and their navy will carry an army, which will be landed there and which will occupy, probably permanently, that section of our continent.

The Japanese have always wanted to occupy the Pacific Coast. They have tried to occupy it in peaceful times and in peaceful ways. We have had to exclude them.

Can we exclude them in time of war if we have no defenses?

Can we expel them when they have once occupied the Pacific Coast with an invading army?

What a short-sighted animal the pacifist is. He cannot see farther than his nose and apparently he has no nose.

He has eyes to see and he sees not. He has ears to hear and he hears not.

Must all of us suffer for the visionary theories of the pacifists? Must our great nation run the risk of great destruction and great loss of life, and great loss of wealth, and possibly great loss of territory, simply because we have quakers and fakers and fantastic dream peacemakers in our government who will not see what is obvious or understand what is inevitable?

Citizens of America, it is time we aroused ourselves and imposed our will upon our government.

We have now a minimum of eight million men unemployed in our country, possibly ten million men, as the number is constantly increasing.

Let us give some of them labor on government work, and let us put some of them to work building battleships and airplanes, and let us put some of them to work in our army, learning how to defend our country, for that need, when it comes, will be urgent and very immediate.

Work is better than a dole, and surely it is better to make patriots than it is dependents out of our good American citizens.

Put the idle men to work and put some of them to work building up the defenses of our nation.

President Hoover demands self-liquidating construction. What construction would pay better than constructing defenses that would save the nation from invasion, that would save our cities from destruction, our people from wholesale slaughter?

President Hoover only wants the public works that are needed. What public works are more needed than those which will save the independence of our people and the integrity for our nation?

Citizens of America, do not allow the quakers and the fakers and the mock peacemakers in government to guide the destinies of our great people and to guide them to destruction.

Think and act and make America able to defend her people and her nationality against the world.

The Democrats in convention at Chicago should remember the inspiring precedents of their party. It was under a Democratic President, Grover Cleveland; under a Democratic secretary of the navy, William C. Whitney, that the White Squadron was built, which became America's pride, that American defense was rescued from the depths of degradation into which it had fallen during Republican misrule.

Let the Democratic Party, through a genuine Democratic administration, repeat the record of Cleveland and Whitney, rebuild the national defense, inspire respect for America in all lands, rescue our nation from pitiful subserviency to the interests and ambitions of foreign nations and make "democracy safe" by making America safe for our Democratic institutions, our Democratic standards and our Democratic civilization.

WILLIAM RANDOLPH HEARST.

The Overseas Chinese

(From a Correspondent)

TIME was when the Manchus considered emigration to places abroad to constitute a grave offence. But the fact remains that the Manchus were never able to place effective checks against violation of this law. It was only natural that the first batch of these Chinese emigrants never thought of "returning home," because these impecunious settlers had erected a snug place for themselves in their new environment, and their descendants are now enviable leaders in various walks of life. Some have rightly or wrongly taken to themselves the ambiguous title of "the sons of the soil" for the simple reason that they are born and bred there.

Their capacity for adaptation to new environment is exemplified by the semi-western social structure that has grown up within the community. While having all the facilities to imbibe western ideas and to some extent retain a western outlook, they are still keen students of Chinese politics. They retain a high respect for the Homeland and cherish great hopes for her future.

They are peace-loving wherever they may be. Even in extreme cases such as outbursts of patriotic feeling they content themselves with a mild and innocent display of cracker-firing. In the British Colonies and the Malay Archipelago, at the time when the Japanese in and about Shanghai tried to convince the unbelieving world at large of their inherent instincts for treachery, the Chinese abroad, out of respect for the law of the land of their domicile displayed laudable restraint.

But this is far from saying that they were passively inactive; on the contrary they felt an uneasy anxiety for their compatriots at "home." These places were at once busy with gigantic preparations to capture handsome contributions. "Capture" is perhaps a bit misleading. That was unnecessary. Despite unprecedented trade depression, the response was prompt as ever. Even estate-laborers and farmers who ordinarily work with grim determination to stave off starvation, now contributed within their power with an exalted feeling of having "done their duty."

This must not be taken as an instance of unbridled exaggeration. But we wish to drive home the fact that the Overseas Chinese are genuinely intense patriots. Witness the jam at the office of the Chinese-Consulate-General—those sturdy Chinese youths whose patriotic ardor has been pricked by high-handed Japanese methods. Many of them have become "fed up" with a humdrum existence so that they believe Death would provide real excitement.

But there is no organized leadership in the land of their domicile, because the Guardians of the Law deny them that privilege, and the holding of public meetings is likely to be misconstrued as possibly a congregation of "disturbers of the peace." Not that we would suggest that some sort of organized leadership is desirable there. It would not be feasible.

The fact remains that the Chinese abroad are the best material for far-sighted Chinese statesmanship. Witness further, their loyally to the government of their domicile, What if they can be of real service to their own government!

It would seem that the "Home Government" ought to sponsor and encourage by all possible means the coming back to China of the best among the Overseas Chinese. There is much room for improvement, and the traditional gap betweenf the Home Government and Overseas Chinese is unfortunately still left unbridged. Since the Overseas Chinese Problem is intimately bound up with the major issues of the Homeland we can well understand how the Home Government is affected under present economic stress abroad, and vice versa.

It is high time that something tangible and concrete should be brought about between the Home Government and the Chinese abroad. More and more facilities ought to be provided, by which a smooth passage may be paved so to cause an influx of all available resources now needed for constructive work.

The Manchus had entered into treaty agreements which curbed the privileges of the Chinese abroad. Doubtless the latter have held their ground. But a grave danger still looms ahead. In the British Colonies and the Malay Archipelago, for instance, the lineal descendants of the aborigines are opening their eyes to an appreciation of civil responsibility, which was unknown to their forefathers. Although it is premature to suggest any real danger from their competition with the comparatively more progressive Chinese, the tendency of the British Administration is to "favor" them with the privileges of subject-peoples. In recent years there has been a great increase of Indian Immigants to these places, which fact has further intensified the rivalry amongst cosmopolitan peoples.

When we realize that the laboring class tops the list in point of numerical strength, it will be a sorry spectacle to see them driven home with no slender chance of obtaining work to provide for themselves the wherewithal to exist.

It would be madness to paint a picture of flickering hopes, when the rays of hope shine ever brighter. But may we hope that the political leaders will emerge "like an Oriental star and show us down the radiant path?"

Shanghai, July 20, 1932.

Bandits Under Ho Lung Are Chased Across Han River

Interest in the anti-Communist campaign has been overshadowed by the Jehol situation. General Chiang Kai-shek come down from Hankow to Kuling during the week, for the moment leaving the direction of the compaign against Communists and bandits in the hands of his subordinates. With the capture of Changtsaikang, in central Hupeh, by the Goverament forces, the bandits under the notorious Ho Lung have crossed the Han River and fled to Chienkiang (south Hupeh), where they are being jointly attacked by the 10th Army under General Hsu Yuan-chuan and the 21st Army under General Wang Ling-chi A part of the outlaw units attempted to flee northwards to Tsaeshih but they were repulsed by the 44th Division under General Hsiao Chih-chu. Government detachments have been sent to round up all remnants along both banks of the Han River, while the River itself has been blocked so as to prevent supplies from reaching the brigands.

A recent telegram from Conton stated that in view of the fact that the main "Red" forces along the Kiangsi-Kwangtung border are retreating north-eastward from Sinfeng, apparently making for their headquarters at Yutu, west of Kanchow, the Commander-in-Chief's Headquarters for the Kiangsi-Kwangtung-Fukien Border regions at Nanchang have ordered that measures be taken against a possible attack on Kanchow, southern Kiangsi.

Japanese Firm to Take Over Communication Services in Manchuria

It is reported in Harbin that a project is afoot to turn over the radio, telegraphic and telephone services in Manchuria to a Japanese company, to be formed specifically for this purpose. At present these services are controlled and exploited by the Manchukuo authorities. It is expected that immediate steps will be taken to enlarge the telephone service in Harbin, as the exchange is not working efficiently owing to the fact that it is "overloaded' during rush hours."

A peculiar phase of the situation is that none of the three interested parties appear to be worried when, if ever, law and order will be restored on the eastern section. They do not seem concerned that thousands of inhabitants in this once-prosperous region of the railway have been reduced to penury and hundreds of others killed during the operations of Manchukuo and anti-Manchukuo troops.

BACK ISSUES WANTED

The Review will pay 50 cents each (big money) for each of the following issues. Ten copies of the following numbers are desired.

February 27, 1932 Vol. 59 No. 13

March 5, 1932 Vol. 60 No. 1

Mail with statement to

THE CHINA WEEKLY REVIEW

38 Avenue Edward VII,

Shanghai.

Chinese Customs Revenue for July Shows Deficit

T. V. Soong, Minister of Finance, announced July 26 that owing to the Manchurian customs seizure together with the severe decline of revenues, the customs receipts for July are estimated to be about Shanghai taels 3,700,000 short of covering customs commitments for the month. Net customs revenue for July is estimated at about Shanghai taels 9,400,000. This compares with average net revenue of Shanghai taels 19,331,000 monthly in 1931.

Mr. Soong recalled that for the month of June, as stated by the Inspector General of Customs early in July, the shortage of customs revenues (Shanghai taels 12,827,000) as compared with commitments (Shanghai taels 12,935,000) amounted to Shanghai taels 108,000, instead of the usual surplus. But the situation during July has become far more acute, when the estimated deficit comes to Shanghai taels 3,700,000.

"This critical condition," said Mr. Soong, "is mainly due to the callous action of Japan in seizing the entire customs revenues of the Manchurian ports including Dairen, amounting in recent months to approximately Shanghai taels 2,000,000, per month, and in causing a dislocation of trade as a result of Japanese military actions both in Manchuria and at Shanghai. The current revenue situation demonstrates the fatuous nature of statements made in some quarters that there is no ground for international concern about the Manchurian seizure resulting in any possible shortage of customs revenues to cover customs commitments for loan and indemnity payments."

Mr. Soong further stated that every practicable measure must be taken to cope with the customs crisis. It is a most unfortunate occurrence, he said, that the increasingly serious repercussion of the world depression upon China's finances should be so aggravated by the action of Japan in seizing Chinese revenues which are solemnly pledged to meet international obligations. China has maintained thus far the service of her obligations integrally, in spite of the fact that for many weeks not a cent has been received from the customs houses seized by Japan, but her ability to meet this unfair strain is obviously being affected by the cumulative effect of the deficits.

Mr. Soong also pointed out that the offices of the Yokohama Specie Bank in Dairen and Newchwang have categorically refused to remit to the inspector-general's loan account in Shanghai the Chinese customs revenue deposits accumulated in the above bank prior to the seizure of the respective custom houses, on the curious ground that the Manchukuo authorities have forbidden them to do so. The amount of such deposits aggregates about Haikuan taels 2,000,000, including deposits in the Bank of China, which was likewise ordered not to remit. It was in the nature of events impossible to foresee that even the most ordinary principles of international banking would thus be contravened on the flimsiest of pretexts.

Japanese Minister of Finance Deplores Expense of Manchurian Adventure

Under the heading of "The Cost of Safety" the *Japan Chronicle* of July 20 prints an article summarizing the speech before the Gubernatorial Conference, of Mr. Takahashi, Minister of Finance, who drew a very sombre picture of the financial and economic situation in Japan. State revenue had declined considerably and there is no surplus to draw upon in compiling the Budget, the Minister said. On the expenditure side, after a series of economies effected in the past, there is little room left for further retrenchment. To render the work of compiling the Budget more difficult, the Manchurian affair entails heavy defrayals, which must by all means be met, and. besides, emergency measures of economic recovery and the security of national life make big drafts on the national treasury. As these disbursement are abrolutely necssary, the government has decided to raise the requisite money by loan issues. In such circumstances, the public loans to be issued during the present fiscal year total Yen 605,000,000, of which Yen 160,000,000 represents deficit-covering loans. It is unprecedented in the financial history of Japan that loans for purposes of making Budget deficits have had to be raised, he said. Recourse must also be had to loan issues to provide the money necessary to carry out the measures for the relief of all classes of people in distress, for which due provision will be made in the Supplementary Budget to be laid before the forthcoming session of the Diet. This will considerably expand the total of the deficit-covering loans.

China to Have Telephone Service to U.S.A. and Europe

The Ministry of Communications at Nanking during the week concluded a contract with the China Electric Co., a subsidiary of the International Telephone & Telegraph Corporation, for the establishment of four radio stations for long distance telephone service within China and one high power radio telephone station for International telephone service that will link China direct with the United States and Europe. The four stations for national service are to be erected in Shanghai and three other important cities. These will be linked with the telephone systems of the respective cities in which the radio stations are established as well as other cities which may be connected by land lines.

The international station will be erected in the vicinity of Shanghai. It is expected that telephone service will be carried on between Shanghai and the United States through the radio telephone station of the American Telephone & Telegraph Co. in California.

The American Telephone & Telegraph Co's radio station in California is connected with the Bell System network through which a subscriber in China can be placed in direct telephone contact with any subscriber in the United States, Canada, Cuba or Mexico via the telephone systems of these countries. The radio telephone station in California is also connected by land lines to the New York Telephone station of the American Telephone & Telegraph Co., thence direct with the radio telephone stations of the International Telephone & Telegraph Corp. in Buenos Aires, and Rio de Janiero. The radio stations of these cities are in turn connected with the local telephone systems which extend to the leading cities in the Argentine, Brazil, Chili and Uruguay. A regular commercial telephone service is now being carried out between New York and the above points in South America.

The equipment for the new radio telephone stations will be manufactured by the Standard Telephones & Cable Ltd. of London, a subsidiary of the International Telephone & Telephone Corp. This company designed and installed the equipment for the first commercial transatlantic radio telephone service between England and U.S.A.

It is expected that the national service will be opened to the public in about one year and the international service very shortly thereafter.

Mackay Radio Agreement Signed

The Ministry of Communications at Nanking has also signed an agreement with the Mackay Radio & Telephone Co. of California for the exchange of traffic between China and the stations of the Mackay Radio & Telephone Co. in the United States. The Mackay Company is a subsidiary of the International Telephone & Telegraph Corp.

Up to the present, communication between China and the United States has been carried on by the Commercial Pacific Cable Co. and by the radio telegraph stations of the Chinese Government in China with those of the Radio Corporation in San Francisco. Radio messages unless specially marked otherwise will continue to go by C.G.R.A.

The Mackay Radio and Telegraph Co. come into being in 1927 when the operating plant of the Federal Telegraph Co. of California was purchased by the Mackay interests. The Federal Telegraph Co. established a radio telegraph service in 1912 in direct competition with land lines and proved that efficient telegraph service by radio was possible. The success of the Federal Telegraph Co. attracted the attention of the Mackay interests who later purchased the Federal Co. in order to parallel their long distance lines by radio and ensure uninterruptod service.

Later the Mackay Radio & Telegraph Co was purchased by the International Telephone & Telegraph Co. and became one of the links of this great system. The Mackay Radio service was first extended outside the United States when the Mackay station in Honolulu was opened to the public in 1929. It now carries on a direct radio service with Manila in the Pacific area and with Cuba, Columbia, Peru, and Buenos Aires, in South America. The link with China will be the first in the Orient outside of the Philippine Islands.

Japan Protests Against Increased Indian Cotton Duties

The Japan Economic League July 23 addressed a cable to the Trade Commissioner of the Indian Government opposing the reported increase of import tariff on Japanese cotton piece goods. This means that the attitude of Japan concerning the Indian restriction of the import of Japanese cotton piece goods has now been made clear.

Mukden Spinning Mill to Resume Operations in the Near Future

If is announced from Mukden that the Mukden Spinning Mill, owned by the Government of Manchukuo, will resume operations soon. New members of the board of directors have been appointed, including S. Kanai, chairman of the General Affairs Bureau of Fengtien (Mukden) province, Hsu Shao-hsing, chairman of the Business Bureau, and K. Mitsutani, chairman of the Police Affairs Bureau, with two others.

Soviet Ship Clashes With Japanese Fishing Boats

A Russo-Japanese incident is reported by the Government of the Hokkaido, the northernmost island of Japan. It is stated that a clash occurred July 22 between a Soviet guard ship and two Japanese crabfishing vessels.

The encounter took place off the west coast of Kamchatka. Three Japanese are reported to have been wounded.

George Bronson Rea Becomes Manchukuo "Advisor"

A Mukden message July 27 stated that George Bronson Rea, editor of the *Far Eastern Review* at Shanghai, has been appointed an "advisor" to the Manchukuo authorities. He is the first Western "advisor" to be so appointed.

Government Universities to Be Reorganized

The Ministry of Education end of last week submitted to the Executive Yuan a plan for the reorganization of the various Government universities. The scheme lays special stress upon the necessity of having fixed and regular appropriations being set apart for educational purposes.

Hopei Official Charged With Corruption

The Hopei Provincial Commissioner of Industry, Ho Yu-fang, has been placed under surveillance for alleged corruption, pending an investigation by the Authorities. The action was taken in pursuance of an order from General Chang Hsueh-liang, who received a petition from the people of Miyun district, eastern Hopei, charging the Reconstruction Commissioner with monopolizing the gold mines in Miyun.

Latest New York Stock Exchange Quotations

Market:—Irregular. Business Done 1,500,000 Shares

July 27, 1932

1931-1932 High	Low	Div.$ per Sh.	STOCKS	Mon. July 25	Tues. July 26
23½	1⅝	—	Adams Express	2¾	2¾
182¾	42½	*6.00	Allied Chemical & Dye	51⅜	50⅛
42¾	4	.50	Allis Chalmers	5⅝	6⅜
129¾	29⅝	*4.00	American Can	35¾	35⅛
51¾	2	—	Amer. & Foreign Power	3⅝	3½
31½	1⅛	—	Amer. & For. Power W.	1¾	1¾
58½	5⅛	—	American Smelting	8¾	9
201¾	71¾	9.00	American Tel. & Tel.	79⅛	78⅜
132¾	44	*5.00	American Tobacco "B"	59⅞	59¼
80¾	11	2.00	American Waterworks	15	14⅝
43¼	3	—	Anaconda Copper	4¼	4½
295½	28¾	*4.00	Auburn Automobiles	56¼	53¾
87⅞	3¾	—	Baltimore & Ohio	8⅜	7¾
70⅜	7½	—	Bethlehem Steel	12⅜	12¼
76½	20⅛	*2.00	Borden Company	25⅜	25⅛
30¾	3⅜	—	Borg Warner	5	5
45¾	7¼	1.25	Canadian Pacific Railway	13⅛	12¾
131½	16¾	—	Case, J. I.	27	27⅝
102	19	2.00	Chase Bank	26¾	26
54⅛	5	2.00	Chesapeake Corp.	7¾	7½
25¾	5	1.00	Chrysler	8¼	8
20¾	1¼	—	Cities Service Co.	2¾	3
45⅝	4¼	1.00	Columbia Gas & Electric	7⅞	7⅝
12	1⅝	.80	Commonwealth & Southern	2¼	2¼
2¾	¼	—	,, ,, warr.	¼	¼
109⅝	31½	4.00	Consolidated Gas. of N.Y.	41⅝	40⅞
12	3⅝	—	Continental Oil	6⅛	6
86⅝	25	*3.00	Corn Products	33⅜	32¾
5⅞	⅞	—	Curtiss Wright Co.	1	1
78¾	23	4.00	Drug Incorporated	32⅞	31½
107	22⅛	3.00	Du Pont de Nemours	25	24⅞
185¾	36	5.00	Eastman Kodak	41	39¾
61	5	6% S	Electric Bond & Share	7¾	7⅞
60¾	2⅞	—	Electric Power & Light	3⅞	4
38⅜	1	—	Fox Film "A"	1¾	1⅞
54¾	8⅝	40	General Electric	11¾	12
56	19⅝	2.00	General Foods	24	23⅝
48	7⅝	1.00	General Motors	9⅛	9
84⅛	6⅛	1.00	General Railway Signal	10¼	10½
38¾	9¼	1.00	Gillette Safety Razor	17¼	16¼
42½	8¼	1.60	Gold Dust	13	13¼
20⅞	2¼	—	Goodrich Rubber	3½	3⅝
52¾	5½	—	Goodyear Tire & Rubber	10⅜	10¼
62½	3⅝	—	International Cement	7¾	8½
4	½	—	International Combu. Eng.	¾	⅝
60½	10½	1.80	International Harvester	15	15
20⅛	3½	—	International Nickel	5¾	5⅝
38¾	2⅝	—	International Tel. & Tel.	5½	5⅜
80¾	10	—	Johns Manville	12⅞	12⅜
31½	5	—	Kennecott	7¾	6¾
27⅜	1/32	—	Kreuger & Toll	3/32	⅛
91¾	34⅛	*4.00	Liggett & Myers, "B"	49¼	49
63¼	13¼	*3.00	Loew's: Inc.	20⅜	20⅛
21⅞	9	1.20	Lorillard P. Co. (com.)	14⅛	14⅛
19	1½	—	Ludlum Steel	3¼	4
29¼	3⅜	—	Montgomery Ward.	6⅜	6⅝
108½	23¾	2.00	National City Bk. bid price	33¾	Not
14¾	2½	—	Nevada Copper	3⅜	3⅜
132¼	8¾	—	New York Central	14⅛	13¾
90¼	13¾	10%S	North American Co.	18¾	18⅛
54⅞	16⅞	2.00	Pacific Gas & Electric	22⅞	22
11⅞	1⅝	—	Packard Motors	2	2⅛
50¼	1¼	—	Paramount—Publix. Corp.	3	2¾
64	6½	—	Pennsylvania Railroad	9¾	9⅞
8½	1	—	Pennroad Corporation	1⅞	1¾
16⅝	2	—	Phillips Petroleum	5½	6⅛
96	28⅞	3.20	Public Service of N. Jersey	35⅝	35½
27½	2½	—	Radio Corporation	4⅞	4¾
24½	1½	—	Radio-Keith Orpheum	3	2¾
54½	26⅝	3.00	Reynolds Tobacco "B"	9¾	30¼
62¼	10	—	Sears Roebuck	14½	14½
10¼	2½	—	Shell Union	4¾	5
23⅜	3	—	Simmons Company	5⅜	5⅞
26½	5¼	.80	Socony-Vacuum Corp.	10⅛	9⅞
54½	15¾	2.00	SouthernCaliforniaEdison.	21	21¼
88¾	7⅝	2.00	Standard Gas & Electric.	12	11⅜
54½	19⅞	*1.00	Standard Oil of N. Jersey	29⅜	28½
26¼	9⅜	1.00	Texas Corporation.	13⅜	13½
55¾	12⅛	2.00	Texas Gulf Sulphur	17⅞	17⅝
18	2	—	Trans America.	4⅛	4⅛
72	15½	1.20	Union Carbide & Carbon.	18⅞	18¾
205⅛	28	6.00	Union Pacific Railway	39⅜	37⅞
38⅞	6½	—	United Aircraft & Trans.	10⅜	11
31¼	3½	.40	United Corporation	5⅜	5⅝
37½	9¼	1.20	United Gas Improvement.	14⅞	14⅝
20⅜	2	—	U.S. Rubber	3½	3⅜
162¾	21½	—	U.S. Steel	25⅜	26⅜
76¾	5¼	—	Vanadium	9⅛	9⅜
20⅜	½	—	Warner Bros. Pictures	1¼	1⅜
107¾	15⅞	—	Westinghouse E. & M.	20¼	20¾
72⅝	22	2.40	Woolworth	29⅞	29¼
*Plus extras			Call Money	2%	2%

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61-373

The National City Co. Gold Bond Quotations Received From Head Office

July 21, 1932,

SECURITY	RATE & DATE DUE	Price	Approx Yield %
The National City Bank of New York	Stock	28	—
Argentine Government	6 % May 1, 1960	43¾	—
U. S. of Brazil	6½% Oct. 15, 1957	19	—
Republic of Finland ..	6½% Sep. 1, 1956	49⅞	—
German Central Bank for Agriculture	6 % Oct. 15, 1960	38¾	—
Kingdom of Italy	7 % Dec. 1, 1951	89	8.13
State of Minas Geraes Series "A"	6½% Sep. 1, 1959	11½	—
State of Sao Paulo (Brazil)	7 % Oct. 1, 1940	57½	—
American I.G. Chemical Corporation..	5½% May 1, 1949	67	9.43
Rhine Westphalia Electric Power Corp. ..	6 % Apr. 1, 1955	38	—

QUOTATIONS RECEIVED FROM LONDON OFFICE

Republic of China Gold Loan	5 %	1925	60½	—
Chinese Govt. Re-org. (£) Loan Stamped ..	5 %	1913/60	64	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 %	1913/60	62	—
Chinese Government (Crisp Loan)	5 %	1912	40½	—
Shanghai-NankingRailway..	5 %	1904/08	30½	—
Shanghai - Hangchow-Ningpo Railway ..	5 %	1908/58	58½	—
Hukuang Railway.. ..	5 %	1911/1951	20	—
Tientsin-PukowRailway	5 %	1908/09	20	—

NOTE: The above quotations are received by cable and whilst believed to be correct are not guaranteed.

The National City Bank of New York, Rates of Exchange

Shanghai, July 27, 1932

Demand selling rate on America: U.S. $1.00=Sh. $4.8786
Demand buying rate on America: U.S. $1.00=Sh. $4.7702
Demand selling rate on London: £1.0.0=Sh. $17.362
Demand buying rate on London: £1.0.0=Sh. $16.945

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61-374

Senator Borah Becomes a Convert to War Debt Cancellation

In a speech broadcast from Washington, July 23 Senator Borah, Chairman of the Senate Foreign Relations Committee, proposed an immediate World Conference to consider the revision or cancellation of war debts in connection with the settling of other post War problems.

Senator Borah suggested that the proposed conference should deal with reparations, debts, disarmament, the re-establishment of the gold standard, the stabilisation of silver in the Orient and other questions.

He declared that the Versailles Treaty must yield to the dictates of conscience and the demands of justice.

Geneva Accepts Hoover's Disarmament Proposal

The General Committee of the Disarmament Conference at Geneva July 23 adopted a resolution as follows:

(1) Welcoming President Hoover's proposal for a one-third cut in armaments;

(2) Agreeing to the prohibition of aerial attacks and also of chemical, incendiary and bacteriological warfare;

(3) Urging limitation of the calibres of land artillery and the weight of tanks;

(4) Advocating the establishment of a permanent disarmament commission; and

(5) Inviting the Powers signatory to the Washington and London naval treaties to confer with a view to a further reduction in naval armaments.

Special Opium Tax to be Imposed in Kiangsu

The Japanese telegrams state that the imposition of a so-called opium sale special tax in Kiangsu Province is a probability and that despite the denial of the financial authorities of the Provincial Government, arrangements for the imposition of the new tax are secretly being pushed on by the authorities. According to the plan, the entire Province will be divided into ten districts and the total amount of revenue to be derived from the new tax is expected to reach something like $1,000,000. It is hoped that the Shanghai and Poshan prefectures alone will yield about $200,000.

Boxer Funds to Be Used to Develop Machine Works at Pukow

An agreement is reported to have been signed by representatives of the Ministry of Industy and the Board of Trustees in charge of the British Boxer Indemnity Refund for a loan of £120,000 sterling. The loan is to be secured on the revenue accuring from the mining tax.

Preparations have been completed by the Ministry for the establishment of the Government Machine Works at Pukow. It is understood that the material will be purchased from England.

Anhwei Province Shows a Deficit

The Anhwei Provincial Government will have a deficit of $3,000,000 in the budget for the 21st fiscal year (July, 1932 to June, 1933). As an outcome of the Provincial Budget Discussion Conference, which was held in Anking last week, the total receipts are estimated at $11,000,000 and the total expenditure at $14,000 000.

In view of the deficit, appropriations for the various organs will, for the present, be issued in accordance with the retrenchment program for the last fiscal year.

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